

FINANCIAL TIMES

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VEHICLE CONTRACTURE GOWIE Interleasing

OVERSEAS MOVING BY MICHAEL GERSON

WORLD NEWS

Passport staff join strike action

Work at Britain's six main passport offices was severely disrupted by a strike by clerical staff in support of colleagues in Liverpool who started an indefinite strike on Tuesday over staffing levels.

The Civil and Public Services Association, which claimed strong support for the stoppage, wanted further action unless the Home Office agreed to substantial increases in staffing levels.

Teachers attack Baker Head teachers made a fierce attack on Education Secretary Kenneth Baker at their annual conference.

IRA man freed from gaol IRA man Gerard Kelly was released from the top-security Maze Prison, Belfast, after serving years for his part in an attack on the Old Bailey.

BBC dispute unresolved Broadcasting unions and the BBC failed to resolve their dispute over a 1989 pay increase.

Hospitals may opt-out More than 150 hospitals have expressed an interest in becoming self-governing under proposals for reforming the NHS.

Census attacked Hungarian reformer Imre Pozsgy attacked the 1989 Romanian communist leader Nicolae Ceausescu as an arrogant and inhumane man who trampled on human rights.

Mappa Mundi issue fails A share issue aimed at saving the Mappa Mundi, Hereford Cathedral's medieval art treasure, collapsed with just £1m worth of applications at the close of the offer.

Highland phone network The Highlands and Islands of Scotland will get an all-digital telecommunications network by 1992, sooner than many other parts of Britain.

Uno is new Japanese PM Japanese Foreign Minister Souke Uno, 66, succeeded Noboru Takeshita as Prime Minister, ending a month-long succession quest by the centrist-led Liberal Democratic Party.

Dog curbs ruled out Environment Secretary Nicholas Ridley ruled out the introduction of a national dog register as a means to control the ownership of dangerous breeds.

BUSINESS SUMMARY

Employment growth in US slows further

US EMPLOYMENT growth slowed further in May, the Department of Labour announced. Overtime and average working hours fell, and hourly pay advanced only 0.1 per cent.

AUSTRALIAN Mutual Provident Society raised its shareholding in Pearl Group, the home service life insurer, from 4.5 per cent to 18 per cent at a cost of just under £100m.

DAF, the Dutch truck maker which is 40 per cent owned by Rover of the UK, said its international share issue had been heavily oversubscribed.

KOOR Industries: Bankers Trust of New York withdrew a court application to wind up Israel's biggest company when Koor's leading creditors signed a debt repayment and recovery plan for the group.

THE TREASURY moved to stem a drop in gilt-edged bond prices by denying a Financial Times report that it was considering the way it funds the public sector borrowing requirement.

TRAFFIC congestion costs companies millions of pounds a year, according to the Confederation of British Industry. It says an extra £1bn needs to be spent on roads in the south of England.

FOOTWEAR manufacturing output fell to £26.3m in March, a fall of 5 per cent compared with the same month last year. The industry has faced increased international competition since 1987.

WEMBLEY, leisure and property group, has made an agreed £22m bid for Juliana's Holdings, the hospitality and disco company.

HENDERSON Administration, fund management group, announced pre-tax profits for the year to end-March of £12.4m, down from £22.4m.

ASRA Brown Boveri, Swedish-Swedish electrical engineering group, is to establish, with Westinghouse of the US, a company to service light-water reactors in Europe.

HUNGARY'S parliament broke new ground by accepting savage budget cuts which Prime Minister Miklos Nemeth said were needed to regain support from the International Monetary Fund for a new credit agreement.



UK reserves fall as Bank intervenes to support pound

THE POUND paused for breath yesterday after a hectic week in which Mr Nigel Lawson, the Chancellor, was forced to deny there was a sterling crisis and to reassure the City about divisions within the Government.

On the Bank of England's trade-weighted index, the pound closed 0.1 points higher at 92.5 but down 0.9 points on the week.

haunted by what was widely perceived to be a lack of clear direction over the Government's monetary and exchange rate policy.

index ended down 0.8 points at 2,102.6, having closed lower every day this week.

was much less than expected by City analysts, prompting speculation that the Bank had bought pounds on forward markets, disguising the scale of its activities.

UK financial markets were

Uproar as Sakharov criticises Soviet army

By Quentin Peel in Moscow

THE PENT-UP frustration of the conservative majority in the Soviet Union's new Congress of Deputies boiled over yesterday as Dr Andrei Sakharov, the most distinguished dissident in the assembly, was howled down for daring to accuse Soviet troops of atrocities in Afghanistan.

THE POLISH parliament, the Sejm, was set to elect a new government yesterday as a speech which brought the entire platform, led by Mr Gorbachev, to its feet, together with most of the deputies.

three most emotive words for those party traditionalists fearful of reform. "This country is the birthplace of Communism."

Peking students turn back troops

By Robert Thomson and Peter Ellingsen in Peking

THOUSANDS of troops marched into the centre of Peking last night as the Chinese Government appeared finally to be moving against the protesting students holding out in Tiananmen square.

reassert its control after weeks of turmoil. Over the past week Li Peng, the prime minister, and Deng Xiaoping, China's paramount leader, have gained the upper hand in the power struggle with the country's reformers.

Speaker after speaker denounced the nuclear physicist, who had been banished to the town of Gorky for almost seven years for protesting at the 1979 invasion of Afghanistan.

Mr Ryzhkov yesterday confirmed that he was the party's favourite to succeed Mr Gorbachev as the next Soviet leader.

And a woman deputy from Uzbekistan said she was disappointed that the Chinese Government had finally lost patience with the students, who triggered China's worst political crisis in a decade, and was intending to

reassert its control after weeks of turmoil. Over the past week Li Peng, the prime minister, and Deng Xiaoping, China's paramount leader, have gained the upper hand in the power struggle with the country's reformers.

Thousands of cyclists left Tiananmen Square and were rousing residents in expectation of the arrival of troops, while others planned to block the path of troop trucks.

Abbey National warns it may have to delay market flotation

By David Barchard

ABBNEY NATIONAL, the second largest UK building society, is being forced to consider a change of date for the stock market flotation it planned for mid-July.

showed that an overwhelming number of Abbey National members approved of the conversion plans.

put off the flotation till September because so much momentum has built up already. More than 4m of our members have already filed details for the free share issues.

Advertisement for NM Unit Trust Managers Ltd. featuring a large 'M' logo and contact information.

MARKETS table with columns for Sterling, Dollar, Stock Indices, and Gold.

CONTENTS table listing various news items and their page numbers.

Advertisement for NM Unit Trust Managers Ltd. with text: BUILD YOUR INCOME ON FIRM FOUNDATIONS.

Weekend FT



A NEW DYNASTY FROM TEXAS Peter Riddell reports on how George Bush and his Texas mafia made it all the way from Houston to the White House Page 1

Finance Sara Webb looks at the best deals - and the pitfalls - of buying and selling your holiday money Page 11

Diversions Lucia van der Post on hats to turn heads. Plus: A new series on walks through history; Nicholas Lander on the taste of Scotland; Edmund Penning-Powell on the 79 vintage; Philippa Davenport on cooking Pages XX-XXI

Property Overseas property: A made-to-measure mountain village, buying in France and the rebirth of the Algarve Pages XV-XVII

Arts Michael Coveney reviews Dustin Hoffman as Shylock Page XXIII

Sport Michael Thompson-Noel previews the Derby Pages XXIV

OVERSEAS NEWS

Romans help to solve Peking's traffic problems

UNTIL now, neither the world nor Italian themselves would have put the solving of urban traffic problems on any list of the nation's skills. But nothing is impossible in Italy, least of all the fact that a Rome-based company, Auselda, is poised to provide an electronic aid to overcome the difficulties encountered by public buses trying to circulate around the Chinese capital, Peking.

It is only in recent weeks that student barricades have

Italy, too, could take a leaf out of Peking's book, reports John Wyles

added to the traffic headaches daily suffered by Xi Guang Di, deputy director of Peking's transport company. The recent disturbances led all the capital's 4,100 public buses for two full days, but Xi happily reported in Rome yesterday that when he left the Chinese capital a week ago, services had been restored on 189 out of 172 routes.

He and three colleagues have been examining public transport in a number of Italian cities as a final prelude to deciding on whether to go ahead with a project planned by Auselda which would install a television monitoring and electronic traffic management system for Peking's public buses. Xi would almost certainly

have concluded that Rome and Milan ought to be well ahead of his authority in the quest for Auselda's services, but he was far too polite to say so. Instead, he implied that the Italians could take a leaf out of Peking's book and discourage the use of private transport. There are only 420,000 vehicles on the streets of the Chinese capital and 7.2m bicycles, but it seems that both frequently conspire to clog no less than 40 of the city's main intersections. Auselda's project would give traffic managers advance warning of bottlenecks and passengers detailed information about which bus services are running more freely than others.

Half of the Lhm-5m (\$1.7m-£1.1m) cost of the project would be funded by the European Community, which is separately sponsoring an ambitious urban traffic control project, Europolis, in which Auselda is involved with three other European countries.

After meeting the Roman transport authority, Xi must have been struck by the contrasting economies of the two capitals' systems. Rome apparently needs a government subsidy to cover 68 per cent of its operating costs and Peking only 85 per cent. A monthly bus ticket in Peking costs around L1,200 and in Rome L23,000. But it surely is too improbable to expect Rome to import Chinese transport managers.

Darker side of Sweden's welfare state on trial

Many fear the Palme murder trial will merely be part of a never-ending drama, Robert Taylor writes

ON Monday morning, under the strictest security, Mr Christer Petersson, a 42-year-old dropout with a criminal record, will appear in the Stockholm High Court charged with the murder of Mr Olof Palme, the Swedish Prime Minister, who was gunned down in the street on his way home with his wife from the cinema on February 28, 1986.

Many Swedes hope that the trial can provide the end to a confusing and bizarre mystery but others fear it will merely be a further episode in a never-ending melodrama that continues to excite the Swedish media. Even Mr Petersson's conviction - a debatable question - is unlikely to lay to rest the doubts and suspicions aroused by Mr Palme's death.

The spectre of the assassination continues to haunt the country. In the frantic search for the killer, the Swedes have been treated to a series of highly public events which have often degenerated into French farce. The country's police force has often looked at best incompetent, at worst culpable. The public investigators have displayed an alarming readiness to resort to illegal acts such as unauthorised telephone tapping and smuggling weapons into the country. The ruling Social Democrats,

so often regarded abroad as a model of competence, have displayed naivety and amateurism in their handling of the affair. Just over a year ago Mrs Anna-Greta Leijon, the Justice Minister, was forced to resign after the revelation that an author had been carrying on a free-lance investigation on her behalf into the murder.

Above all, SÄpo, the state intelligence service, has become the subject of festering suspicion. It has even been suggested that the so-called Black Rose, a right-wing group in their midst, was responsible for the assassination on the grounds that they believed Mr Palme to be a Soviet agent.

The authorities were convinced from the very beginning that the assassination was not the work of a single individual. They assumed that Mr Palme had been the victim of an international conspiracy, not without some circumstantial supporting evidence and not unreasonably, since the Prime Minister was an outspoken and controversial figure on the world stage.



Olof Palme: mystery

Plot stories proliferated. It was once suggested that Chile's President Pinochet was involved. The finger of suspicion was also pointed at different times at the South African government, Ayatollah Ruhollah Khomeini's Iran, and the

secret service of Saddam Hussein's Iraq. A number of suspected terrorist units were also paraded through the media - a Croatian group, the Red Army faction in West Germany, and above all an obscure Marxist-Leninist party called the Kurdish Workers party - the PKK - who were the prime suspects for Mr Hans Holmér, who headed the murder inquiry for the first 11 months.

No doubt, there are those who will believe that Mr Petersson if he is convicted is no more than the convenient scapegoat for the assassination, a social outcast whose violent life has been spent in a twilight world of crime, alcohol and drugs. Just as the Nazis pinned the burning of the Reichstag on a demented Dutchman, so the Swedish authorities, desperate to solve the murder mystery, may be over-eager to blame a deviant from their own country with a proven record of violence.

In the immediate aftermath of the assassination, many commentators reflected that the Swedes had somehow lost their innocence, that their affluent, comfortable and rather complacent way of life could no longer be taken for granted. Yet Sweden remains a haven of stability in a violent world. It is true that occasional

pages of testimony released last week on the Petersson case, it is suggested that leads connecting him to the murder had been overlooked and his alibi was known to have been flawed as long ago as 1986 but nobody had bothered to check it out more thoroughly at that time because of the single-minded obsession with the international terrorist theory.

The interrogation methods of the police are also being questioned, particularly their handling of Mr Petersson from a video of an identity parade, not face to face, and in the absence of his defence lawyer. With no confession, the murder weapon undiscovered, and no obvious motive, the evidence against Mr Petersson remains circumstantial.

For many Swedes, the prospect that the alleged killer of their Prime Minister was not the agent of a foreign power or a hired gunman but a man who was born and shaped in their own country is deeply offensive. It throws a stain over the Swedish Model, revealing a darker side of the benevolent and prosperous welfare state that has been the envy of the world for over half a century. Indeed, it is more than the trial of one man that starts on Monday in the Stockholm High Court.

Barcelona in row over Olympics hotels plan

By Peter Bruce in Barcelona

A ROW between Barcelona's Socialist municipality and the conservative Catalan Government over the city's plans to build 12 luxury hotels ahead of the 1992 Olympics here is threatening to leave Barcelona without enough accommodation for the thousands of visitors expected to the games.

The regional government has rejected all 12 sites chosen by the city council in April, arguing they would impose on semi-green zones or involve demolishing existing public facilities. Critics say the socialists may be vastly over-estimating the numbers who will travel privately to see the Olympics.

The council, the official Olympics hotel chains to build on the sites, mostly in or near the city centre, to accommodate 3,000 people. Officials say the hotels are not wanted just for the games, but to make up for a serious shortage of accommodation in Barcelona anyway.

They say Barcelona, with 7,960 three, four and five star hotel rooms, has only 4.7 rooms per head of population, about a third of those of London and Paris and half the per capita count in Milan or Rome. "There is very little time left," said Mr Josep Llop, Barcelona's director of planning services. "If the government tells us to look for other sites it will be difficult."

The hotels row has coincided with fierce criticism of a Ptas 25m (£126m) extension to Barcelona's Prat Airport, which critics say lacks sufficient security arrangements.

The new design, completed in the last seven months by Mr Peter Hodgkinson, a British-born architect living in Barcelona, nearly doubles the floor space at Prat.

"The critics are demonstrably wrong," says Mr Hodgkinson, "and are mainly people angry they were not consulted about the project." The airport is being paid for by the central

government, which has just awarded the construction contract.

The hotels issue is proving much more intractable. "It is not true we need that many new hotels," said Mr Miguel Roca, secretary general of the Convergencia i Unió (CIU), the party in power in the provincial government. "Barcelona does need hotels but it also needs libraries and public facilities. The Barcelona council is deliberately trying to give the impression, for its own purposes, that they are at war."

According to Mr Llop, the council has no intention of spending public money on new hotels, but simply wants to make the sites available to developers or hotel chains. "We have to offer the opportunity to build," he said, "though this does not mean that they will be built."

"If big groups had to look for space on their own in Barcelona they would not find it. Good pieces of land near roads or transport facilities just don't exist." The council says it has already been approached by a number of hotel chains interested in its scheme.

Others are more sceptical. Mr Roca says Barcelona is not a weekend retreat for foreigners or Spaniards and that given a chance, even the city's own inhabitants head for the surrounding country or beaches at weekends.

"Serious hotel chains are going to think very carefully about coming to Barcelona," says Mr Hodgkinson.

If not enough hotels are built, the city council faces a major embarrassment when the games begin. Socialists in Barcelona believe the CIU is trying to make life as difficult as possible for the council ahead of local elections in 1991 in the hope they will win control of the city and be in place to host the Olympics themselves.

Iraq troops begin forcibly resettling 300,000 Kurds

By Edward Mortimer

IRAQ'S Baathist régime has this week begun a mass displacement and forcible resettlement of nearly 300,000 Kurds, according to usually reliable Kurdish exile sources.

Mr Masoud Barzani, leader of the Kurdistan Democratic Party, said the population of the town of Qala Diza, in the north-eastern province of Sulaimaniya, started a general strike to resist the deportation order when government troops entered the town on Thursday. On the previous day, he said, the settlement of Iwasora, comprising 1,885 families, had been forcibly evacuated.

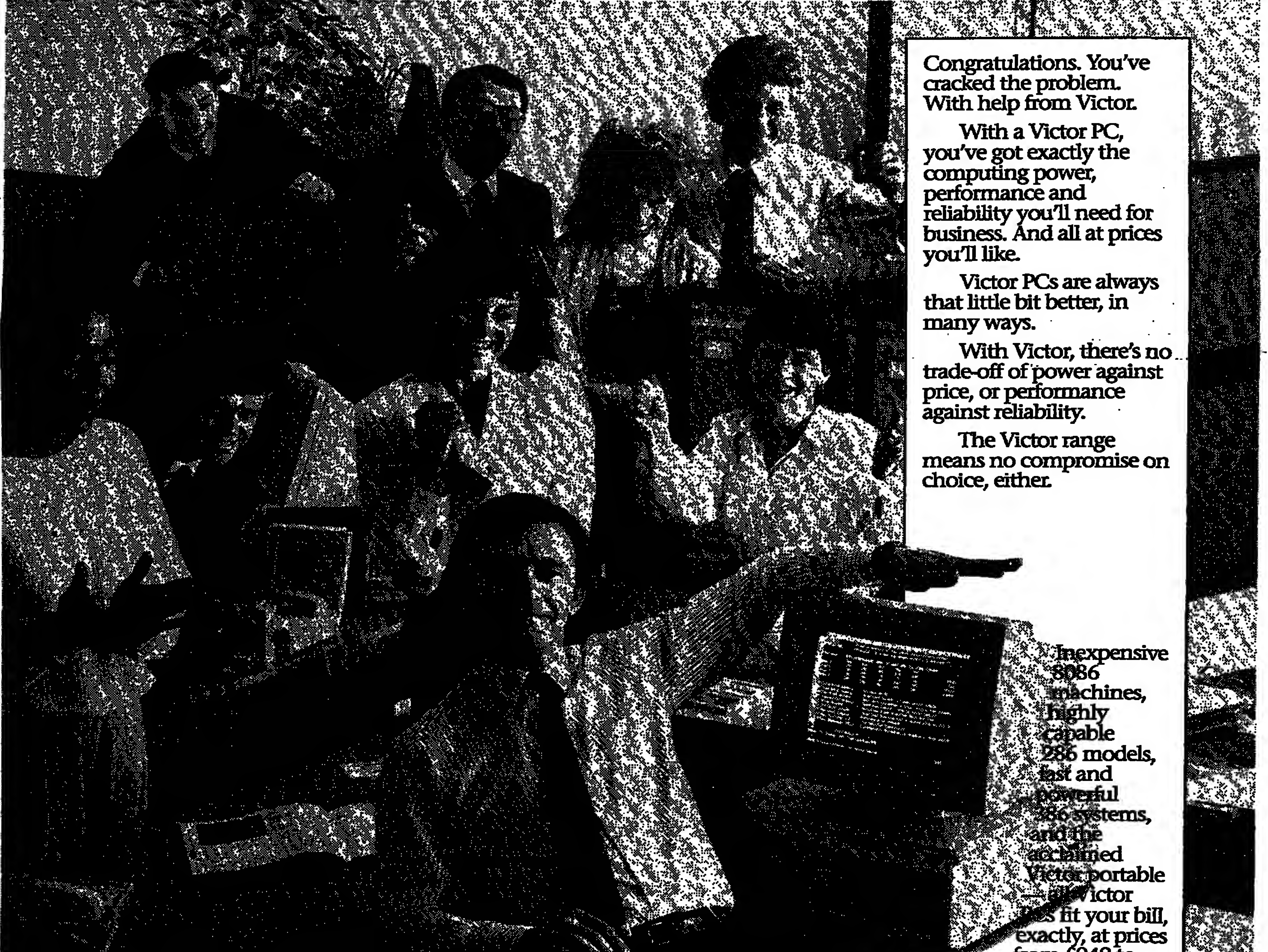
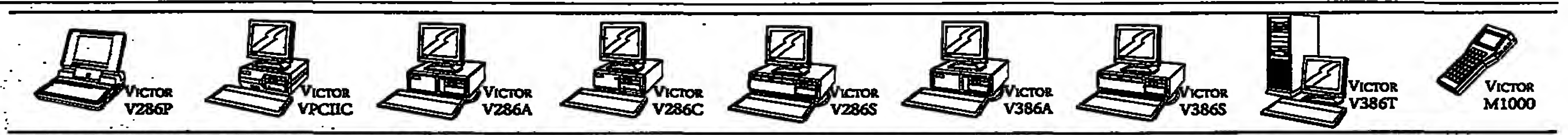
Mr Barzani described the region as being "in a state of tension", and expressed fears that the army would massacre the whole civilian population. His statement, issued in the name of the Iraqi Kurdistan Front (a body representing all the Kurdish opposition groups), confirmed and updated a statement by the Patriotic Union of Kurdistan (PUK) - the movement with

most support in the area concerned. The new displacement programme involved "the destruction of the remaining rural district towns in Kurdistan".

The wave of deportations is apparently part of a programme designed to prevent further Kurdish insurrections by thinning the population in the north-east and moving it to areas more susceptible to government control.

Mr Barzani said the affected people would be interned in camps and towns located outside traditional Kurdish areas in southern Iraq. The PUK statement said they had been given a choice of camps in Sulaimaniya and Arbil provinces (ie, within Kurdistan), but it believed this was only a temporary measure.

Both statements appealed to the international community to intervene. EC governments are expected next week to consider a report on the situation compiled by their ambassadors in Baghdad.



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UK NEWS

Treasury gives assurances to stem fall in gilt prices

By Simon Holberton, Economics Staff

THE TREASURY yesterday moved swiftly to stem a fall in gilt-edged bond prices by denying a *Financial Times* report that it was reconsidering the way it funds the public-sector borrowing requirement.

The Treasury said the Government had no plans to change its methods or techniques of funding the PSBR and said that the Chancellor had not commissioned a review of policy.

Yesterday's *Financial Times* reported that the Treasury was studying City suggestions that it should alter its existing policy of buying in gilts only from holders other than banks and building societies. A consequence of such a change, which would mean that all gilt purchases by the Bank of England would go towards financing the PSBR, would be fewer purchases of gilts by the Bank in the market.

Officials had told the *Financial Times* that the Treasury was looking at funding policy

in light of the behaviour of banks and building societies that have been large sellers of gilts, but whose activities have made it difficult for the Bank to meet its target of fully funding the PSBR.

The officials also said the Government was looking at the way local authorities finance themselves. The activities of the local authorities, which borrow from the Treasury, have led to a build-up of cash in the money market.

The officials had said, however, that no change in the Government's fundamental policy was being contemplated. Prices for long-dated, gilt-edged stocks have been supported all year by the Bank, which has been a steady buyer in pursuit of Government policy. This requires the Bank to buy gilts from the holders other than banks and building societies, in amounts equal to the Budget surplus and currency market intervention in support of sterling.

The Treasury's response to the report of an impending change to policy was greeted with some scepticism by the gilt market. Prices of long gilts fell 1/4 point in early trading, rallied briefly on the Treasury denial, then slipped further to close 1/2 point lower on the day, to give yields of around 10.25 per cent.

Mr Michael Hughes, head of economic strategy at Barclays, said a lot of yesterday's fall in gilt prices had to do with the market not liking long-term interest rates being much lower than short-term interest rates. A suggestion that the Bank would no longer support the market fully was enough to provoke selling.

Mr Gavin Davies, senior UK economist at Goldman Sachs, said: "I think they may well change [the funding rule] but I do not think it matters much." He added that "the market does not know who is in charge" of economic policy.

Highlands phones will go digital by 1992

By James Buxton, Scottish Correspondent

PEOPLE in the Highlands and Islands of Scotland are to get an all-digital telecommunications network by 1992, considerably sooner than many other parts of Britain and several years earlier than had previously been intended, thanks in part to a government grant of \$4.9m.

The aim is not just to help businesses to develop in remote areas, but to make it possible for people attracted to the area by its scenery and lifestyle to work from home - a practice known as telecommuting.

Sir Robert Cowan, chairman of the Highlands and Islands Development Board, which is disbursing the grant, said yesterday: "Without doubt this is the most important single investment we have made in the economic future of the Highlands and Islands."

The improvements will give the northern part of Scotland a telecommunications system as sophisticated as that of a leading European city.

Under the project, the total cost of which is £16.35m, BT will make 49 larger telephone exchanges digital and install smaller digital exchanges in more than 200 other sites. It will make the telecommunications networks digital either through radio or optical-fibre cables.

Between the larger exchanges it will also install an integrated services digital network which allows speech, data, video and still images to be passed over telephone lines at high speed without the need for a modem (the device normally used to connect a computer to a telephone system).

BT is also to make access to its public data network available in the Highlands and Islands for the cost of a local call, instead of customers having to pay for long-distance calls to packet-switching exchanges.



Members of the Rose Theatre Campaign maintain their vigil at the historic site of the Elizabethan theatre

Two cheers only for latest Rose plan

By Paul Cheeswright, Property Correspondent

IMRY Merchant Developers' plans to preserve and display the remains of the Shakespearean Rose Theatre yesterday won official approval but failed to allay fears of the mixed group of actors, politicians and scholars who have formed the Rose Theatre Campaign.

The office building intended for the site has been redesigned so that the theatre remains will be in a hall and visible from three sides.

Beams will be placed on piles situated outside the theatre boundary and girders, weighing 60 tonnes, will support a 10-storey office building 22 ft above the remains.

The Rose Theatre remains were discovered last March by archaeologists during a survey of the site before the development of a new office complex by Imry and funded by Postel, the investment managers of the Post Office and British Telecom pension funds.

The discovery set off a vigorous campaign to make certain that the remains, on the south side of the Thames close to Southwark Bridge, would be preserved and made accessible to the public.

After the full significance of the archaeological find - one of four Elizabethan theatres in the Southwark district - was appreciated, there was never any danger that the theatre remains would be destroyed. The question was how they would be preserved.

A vigil has been kept at the site. Luminaries of the theatre, including Dame Peggy Ashcroft and James Fox, have been in attendance.

The Rose Theatre Campaign blossomed with vague plans to obtain control of the site. Petitions have run high. Petitions have circulated. The old arguments about commercial development taking priority over maintenance of the heritage have been rehearsed again.

The Government has been interested enough to put up £1m to finance a delay in the planned construction of Imry's office block, but has remained distant. In effect, it told the interested parties to work out a solution that would meet the diverse wishes of Imry and the thespians.

Imry's redesign is the preferred official solution. It meets the main objectives of preserving and displaying the remains in a manner which English Heritage, national guardian of listed buildings and monuments, thinks is adequate.

Over 150 hospitals interested in becoming self-governing

By Michael Cassell, Political Correspondent

MR Kenneth Clarke, the Health Secretary, will announce next week that well over 150 hospitals have expressed an interest in becoming self-governing under the Government's proposals for reforming the National Health Service.

Mr Clarke is expected to use the total to demonstrate that, in spite of widespread criticism of the self-governing plan from within the medical profession and from other professional bodies, the idea is attracting considerable enthusiasm at local level.

The Government believes that hospitals that opt to take on direct responsibility for their own budgets will improve efficiency and patient services.



Kenneth Clarke: encouraged by response

tal to become self-governing. Those hospitals taking on self-governing status will become NHS hospital trusts and will be run by boards of directors. They will have a range of powers not available to existing NHS health authorities and hospitals - such as negotiating the price of services and powers to borrow, subject to annual financing limits.

Mr David Mellor, the Health Minister, yesterday announced the allocation of £2m to finance 38 pilot projects enabling doctors to develop medical audit systems with the aim of improving patient services.

Doctors interested in taking part in the audit, which also forms an integral part of the proposed NHS reforms, are to submit proposals to a medical advisory panel under an initiative linked to the Government's NHS white paper.

The document spells out the Government's intention to work with the medical profession to establish a system of medical audit in general practice.

The plan is to audit locally, on a basis of peer review and on self-audit by general practitioners and practices. Family practitioner committees will be expected to set up a small unit of doctors to support and monitor medical audit procedures.

Failure of Mappa Mundi offer blamed on apathy of companies

By Clare Pearson

WIDESPREAD apathy among British companies was blamed yesterday for the collapse of an innovative attempt to save the Mappa Mundi, the medieval art treasure, for funds-starved Hereford Cathedral through a public issue of shares.

By yesterday afternoon, the final close of the offer, just £1m worth of applications, well below the minimum £2.5m required, had been received.

Mr John East of Guidehouse Securities, the issuing house which sponsored the offer, said: "We contacted 900 City institutions and all the big UK companies which support these kind of causes, and the silence was overwhelming. It is extremely sad."

However, the map could still be saved from going under the auctioneer's hammer to cover much-needed funds for restorations - so long as the one thousand or so people who have applied for shares in Mappa Mundi plc, the issuing vehicle, can be persuaded to make an equivalent donation instead.

The dean is expected to announce on Monday that all the applicants will be asked to contribute the £1,000 value of the shares anyway, on the basis that if a significant majority do so the map will not be sold.

The chapter is likely to be hoping that if it gets a good response to this, it will be able to reopen negotiations with the National Heritage Memorial Fund, whose earlier offer of about £2m, supported by £1m from Mr John Paul Getty, the philanthropist, was rejected on the grounds of the onerous conditions attached.

Yesterday a spokeswoman for National Heritage said: "We shall be glad to listen to what they have to say if they get back to us."

Although all the City advisers concerned gave their services free, Hereford will be left with a bill of around £30,000 for the costs of the offer, which under companies law could not be extended beyond yesterday.

The decision to launch the offer was made after a last-ditch plan to sell the 13th century map at Sotheby's, the auction house, met with public outcry. Investors were offered, as share certificates, half-sized facsimiles of the map signed by the bishop and dean.

Investors deciding to make a donation instead will still receive their facsimiles, although they will forfeit the hope of future dividend payments through exploitation of the exclusive marketing rights to the map which would have been enjoyed by Mappa Mundi plc.

It is feared the euphoric press comments made when the offer was launched in April may, paradoxically, have spoiled its chances of success through creating an impression that the map was reserved. Most of the applicants were private individuals in the UK but there was some European interest, Mr East said.

Job losses in shoe industry continue

By Alice Rawsthorn

THE TOLL of job losses and factory closures in the footwear industry is continuing after more than a year of intense pressure from imports and sluggish consumer spending.

The latest figures from the British Footwear Manufacturers Federation show that the industry's output fell to 855.3m in March, representing a fall of 5 per cent compared with the same month last year.

Similarly, the level of orders received by British manufacturers during the month was 34.5 per cent lower, at 264.6m, reflecting the dull state of shoe sales in the early spring.

The main cause of the 1989m industry's problems - the strength of sterling, which made it easier for imports to enter the British footwear market - has been alleviated by the recent fall of the pound against the US dollar.

However, it will take time before the industry benefits from the pound's weakness.

Estate agents' plan seeks to end gazumping

By Rachel Johnson

AN ESTATE agents' plan aimed at ending gazumping and smoothing the path for home buyers has been sent to the Lord Chancellor. It would involve buyers and sellers signing an agreement, which would become legally binding after five days.

Mr Anthony Clark, general secretary of the National Association of Estate Agents, said the conditional agreement would minimise delay, gazumping and all the other ills prevalent in an adversarial system, especially uncertainty.

Outlining the scheme to estate agents at their annual conference in London, he said: "The agreement is an attempt to stem the carping criticism of estate agents and solicitors in those cases where the parties wish to have comparative certainty at an early stage."

The scheme would also call for more information from the seller, who would be expected to disclose "all material defects" and provide a survey report for the potential buyer.

The scheme was put forward in response to the Lord Chancellor's green paper on conveyancing.

CBI urges extra £1bn to ease traffic in south

By Rachel Johnson

AN EXTRA £1bn needs to be spent on new roads to relieve congestion in the south of England, the Confederation of British Industry said yesterday.

In a report on the southern region, it said traffic congestion was costing companies millions of pounds and putting businesses at a competitive disadvantage.

British Telecom's Thamesway Division reported additional costs of £2m, Ensign in Oxford £500,000, and Black and Decker in Slough £1.26m. Nationwide, congestion cost about £15bn a year.

The CBI said the Government should embark on an ambitious programme of road improvements and building. Suggested schemes included a Home Counties orbital ring road, a fast route to the south coast, and another bridge across the Thames at Reading in Berkshire.

The CBI called for an urgent £106m programme to clear the backlog of road repairs and improvements, which the private sector should fund where appropriate. Bridges should be strengthened to take heavier lorries.

A further £1bn on the £12bn planned spending on improvements to roads between cities outlined in the roads white paper, was essential if British businesses were to thrive after the creation of the single European market in 1992 and the opening of the Channel tunnel in 1993.

All the schemes proposed in the roads white paper should be speeded up so that the south - an important centre of wealth creation - was not choked by traffic chaos. Planning delays should be reduced, so that improvements could be in place before the next millennium, otherwise would be lost to France.

Mr John Robertson, chairman of the CBI southern region working party, said: "There was serious concern among businessmen that the transport system was inadequate and makes a very poor comparison with Europe."

Roads to Growth: A Competitive Transport System for Southern England in the 1990s. CBI southern region. 25.

Seven held over bank inquiry

By Rachel Johnson

SEVEN men have been arrested by police investigating an attempted £51m fraud on the Hill Samuel merchant bank in the City.

Two of the men have been held since Thursday in Manchester and another five in the City of London by detectives from the City of London company fraud department, backed by regional crime squad officers.

Pension industry hits ceiling over Lawson

Eric Short on why a limit on allowable earnings is causing anger

AMONG all the slings and arrows hurled this week at the Chancellor, the one that was removing all benefit restrictions on pensions so that employers could pay whatever pensions they wished to their employees.

But, at the same time, he announced he was setting a limit on the pensions which could be paid from tax-approved occupational schemes by imposing a £50,000 ceiling on earnings on which tax-approved pensions would be based.

He argued that while it was right that employers should be free to provide whatever pension they saw fit, it was not right to make the current generous tax treatment open-ended.

Mr Lawson went on to say that he had deliberately fixed the ceiling at a level that would leave the majority of employees unaffected and that it would be subject to annual uprating in line with inflation.

The NAPF does not dispute Mr Lawson's statement as applying to existing employees, though consultants are reporting considerable concern from employers worried about its effect on the recruitment of top executives. So, on its face value, the imposition of the ceiling looks like a minor adjustment to prevent high earners having their pensions subsidised by the general body of taxpayers.

As such, the association and

others cannot object to the imposition of a ceiling. It is the revaluation basis that is the root of the issue.

The pension industry includes a lot of actuaries who understand compound interest, know the difference between earnings growth and price inflation and tend to look well into the future.

As such they regard the ceiling as a slow-acting poison pill, coated with the sugar of unlimited pensions.

Over the past 25 years, earnings have risen, on average, by 2.5 per cent a year more than prices. If this differential continues into the future, then each year the value of the ceiling relative to the general level of earnings will drop so that more and more employees are affected.

In time, if the new system is not amended, it will not be just the top earners who are affected by the ceiling.

Actuaries using their compound interest techniques estimate that in 30 years' time, 40 per cent of employees at that time will have their pension expectations restricted by the ceiling.

The association, as well as other sectors of the pensions industry, including the CBI, has tried to spell out that consequence to the Treasury and has called for the ceiling to be revalued in line with average earnings, not prices. After all, the pension entitlements in the State Earnings-Related Pension

Scheme are uprated annually in line with average earnings according to statutory requirements.

However, these protests have achieved nothing.

The reply from Mr Norman Lamont, Financial Secretary to the Treasury, shows that this differential and its effect is understood.

But Mr Lamont points out that price revaluation is the form of indexation used in the tax system. His letter specifically refers to tax thresholds being indexed in line with prices, although he fails to refer to the fact that the logical index for tax thresholds would be earnings.

Previously at this point the pensions industry would accept the inevitable and settle down to adjusting to the new system.

Instead, the NAPF has attacked the very integrity of the Government.

Mr Lawson in his 1985 Budget speech pledged not to make any fundamental changes in the pension tax regime without prior consultation and a green paper.

Seasoned campaigners with Treasury ministers, such as the CBI, treated this statement as they treat most other ministerial pledges - with scepticism.

However, rather naively, the pensions industry in general and the association in particular has taken this statement at face value.

The pamphlet accuses the Government and Mr Lawson of breaking faith and rebuts claims that this is not a fundamental change in the tax regime.

But, more fundamentally, the pensions industry is far more fearful of this present Thatcherite Government than it ever was of any Labour government.

It has a strong and deep-rooted fear that the views of the right-wing advisers to the Government are prevailing and that the long-term objective is to destroy the whole concept of collective pension provision in favour of private pension provision.

That suspicion can only be removed if the ceiling is revalued in line with earnings.

Some sectors of the pensions industry, while supporting the protest, question the timing of the publication of this pamphlet.

The CBI is due to meet the Inland Revenue next week to discuss the Finance Bill provisions, and pension changes would be prominent in the CBI's submission.

The hard-hitting attack by the NAPF in its pamphlet could well harden the Government's attitude towards making any concessions to the Finance Bill proposals.

Truth, Honour and Democracy - The Finance Bill 1989. National Association of Pension Funds, 12-18 Grosvenor Gardens, London SW1W 0DH. 75p.



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UK NEWS

Property's Mr Fixit changes tack

Paul Cheeseright on why a top deal-maker is becoming a developer

THE PHONE rang in the Belgrave home of Paul Bloomfield at about 11pm last Thursday. On the line was an acquaintance whose business was under attack.

Mr Bloomfield started phoning round. By yesterday morning he had put together the main elements of an \$900m (£380m) deal, buying the whole business, selling on two divisions for \$700m and arranging to keep the property assets himself.

Mr Bloomfield is a fixer. A wheeler-dealer. "I take two and two and try and make six," he says.

He is the best known dealer in the property industry. But now he has stepped out of the shade favoured by the middleman and become a principal.

He has become the joint owner of the Alton Towers theme park in Staffordshire since he bought the site. He is also planned for the art deco Battersea power station on the south side of the Thames in central London. He has joined forces with Mr David Broome in a new company called Alton International.

He will not say how much he paid but it was certainly more than £50m. That was his own money, or money he borrowed. It was nothing yet to do with Benlon Holdings, the quoted company now transformed from the one that made a cheeky bid for Storehouse and in which he is the biggest single shareholder. But then, he is a rich man.

"Seriously wealthy is £250m plus. We are not that rich. Compared to the likes of Mr Thatcher, Mr Bloomfield often uses when he means I. "Must stop using that expression," he says.

The style and the manner of the man are less than regal. The pulled-down top button coat, the shirt, the tie, the phone. "Yes, darling... Say a hundred, Simon... No, not a hundred and ten. Just that. Makes life easier..."

His business is in his head. The source of it in half a dozen address books. For a dealer, contacts are everything. "Wherever one is, it ends up as a working weekend," he says.

He is fond of expensive cars.



Paul Bloomfield: "I take two and two and try and make six. I see something in a deal that other people don't see."

don restaurants like Scotts and the Connaught Hotel, but adds: "I can't remember the last time I went out for a social meal."

Although the property dealing in a serious way goes back to the late 1970s, Mr Bloomfield is best known for his links with Mounleigh, the property company, set up by Mr Tony Clegg, which thrived the stock market before the October 1987 crash.

Mr Clegg was buying and selling increasingly large packages of property. Profits soared. Mounleigh could do no wrong until the market wanted more than could be delivered and became much keener on companies that retained their assets rather than sold them on.

Mr Bloomfield brought the property to Mounleigh. Mounleigh had the cheque book. "Tony gave me the freedom to do the deals," he says. "I found the deals and Tony's organisation sorted it all out."

But the deal also had to be unwound. "We know where we're going with the real estate before we sign the contracts to 'buy' it. The secret

annulled last year.

All of that stems from a row with the Inland Revenue about tax payments. Mr Bloomfield acknowledges a youthful negligence. "Maybe I haven't been the most efficient person. I didn't believe I owed them any money. And that's been proved because I've got an annulment."

The annulment enabled Mr Bloomfield to become a principal as well as a middleman and now he makes his money in partnerships, by taking a direct stake in deals, rather than just taking a slice in the form of a fee.

This world is far from that of the fund manager with his equities and securities, and Mr Bloomfield responds to the suggestion that he sails close to the wind by arguing, in effect, that he is misunderstood. That is, outsiders cannot recognise the reasons behind a deal.

"I see something in a deal that other people don't see. I've never been the meanest buyer in the world or the most difficult person as a seller," he says.

There are plenty of property people who acknowledge his skill in the recent bull market, but wonder whether he can carry on if the market turns down. Mr Bloomfield brushes that off. "Selling in a bad market is not just starting the price."

But he is now starting off a different life as a landlord and property developer. This will demand different qualities.

He is confident he has the Battersea angles worked out. There will be an entertainment park, selling it on to Organizaion Diego Caseros of Venezuela, and then ODC selling the property on again.

The City has watched all this happening with a mixture of respect for the manipulating skill that manages the market into place and suspicion that there is something wrong somewhere.

Mr Bloomfield is not a City man although he recognises that he is going to have much more to do with the City now. "I do feel when I walk into a room, people are a bit wary," he concedes.

To be sure, there are dark comments in the City air about it not being quite right that a bankrupt is a millionaire and here one enters a world where fact and fable mingle.

One fact is that Mr Bloomfield became bankrupt 20 years ago when he was 23. A second is that the bankruptcy was

annulled last year.

All of that stems from a row with the Inland Revenue about tax payments. Mr Bloomfield acknowledges a youthful negligence. "Maybe I haven't been the most efficient person. I didn't believe I owed them any money. And that's been proved because I've got an annulment."

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EMPLOYMENT

Travellers Fare young workers win pay rises

By Charles Leadbeater, Labour Editor

YOUNG workers at Travellers Fare, the railway station fast food company, are to get pay rises of up to 25 per cent under a pay deal designed to help the company recruit young people.

The deal follows a similar move by retailers to improve youth pay to ease recruitment pressures in the light of the decline in the number of young people entering the labour market.

In March, J Sainsbury, the food retailer, awarded rises of up to 40 per cent to 16 and 17-year-old workers, following a 22 per cent award to young workers at Tesco in February.

The moves will increase pressure on other employers to follow suit.

At Travellers Fare, under a deal which scraps the company's age-related payment system and moves young workers onto a single adult rate, about 250 of the company's 2,700 weekly-paid staff will get rises of between 22 per cent and 25 per cent. About 650 staff will get rises of between 12.6 and 13.6 per cent.

However, adult staff will get rises ranging between 6.5 per cent and 7.5 per cent. The 7 per cent rise for hourly-paid workers. The settlements - agreed by the TSSA white collar rail union, and the National Union of Hotel and Catering Employees, which is part of the National Union of Shopworkers - are below the 7 per cent imposed on rail unions by British Rail.

The company said the overall cost of the increases was between 10.5 per cent and 12 per cent, including other factors such as conditions of service.

Travellers Fare, which used to be part of the British Rail privatisation last December. The company said it believed the unions had agreed to rises below the inflation rate because a performance-related pay scheme, recently introduced, would deliver rises averaging 3.5 per cent on July 1. The performance-related pay scheme will give individuals rises in addition to the collective negotiated increases of 10 per cent. Thus some young staff could receive rises of more than 35 per cent this year.

To claw back some of the cost of the deal to increase the number of staff, the company has changed sick pay and overtime arrangements. Employees will have to be off work sick for three days before the company starts making a contribution to sick pay, rather than the current one day. Staff working in bars will get a shift after 10pm which extends beyond midnight. The company said that would substantially improve the viability of some of the 200 bars which had suffered from high overtime payments.

They are claiming an

PLA move seen as breach of Dock Labour Scheme

By Jimmy Burns, Labour Staff

BRITAIN'S biggest port employer, the Port of London Authority, has announced that it is no longer prepared to act as an employer of last resort for dockers made redundant in the area.

The Authority indicated last night that the decision had been taken for financial reasons. However, the move is likely to be viewed by the TGWU transport union as a deliberate breach of the Dock Labour Scheme, the abolition of which has yet to receive royal assent.

Local shop stewards are expected to be planning a mass meeting next Tuesday in what could lead to an outbreak of unofficial strike action.

Under the 1973 Aldington-Jones agreement reached between employers and the TGWU, dockers are expected to retain, on at least

basic pay, any registered dock workers for whom there is no work.

They are also expected to accept additional workers who have been made redundant as a result of a company going out of business, and who have been allocated to them by the local Dock Labour board.

The arrangement is not viewed as statutory by employers. However, the TGWU regards it as inseparable from the Dock Labour Scheme.

Yesterday's move means that dockers who lose their jobs in the London area over the few weeks leading to the abolition of the Dock Labour Scheme will be put on the Temporary Unattached Register (TUR) as a residual pool of casual unregistered labour.

Dockers' leaders have always argued that the TUR should

not be used except for the strict purposes of the Dock Labour Scheme. These are defined as a temporary holding of men pending re-allocation to another employer or determination of a disciplinary case.

Last night, port employers were indicating that they were in no mood to compromise and would use the Port of London Authority as a clear signal to the TGWU that they were no longer prepared to put up with the inflexibility associated with the Dock Labour Scheme.

The move has put the leadership of the TGWU in a difficult position since it has given a public undertaking that there will be no strike action until the end of current legal proceedings.

The final judgment in a court appeal hearing, which began this week, is not expected until Tuesday.

Complex laws 'threaten employees' shares plan'

By Michael Smith, Labour Staff

TECHNICAL OVERKILL by the Inland Revenue is threatening government plans to encourage the number of people who own shares in the company for which they work, according to a tax law company.

Clifford Chance says the Revenue's approach to drafting legislation on Employee Share Ownership Plans (ESOPs) contrasts sharply with that of the Department of Trade and Industry.

The company says that the DTI recently tabled a "far reaching" amendment to the Finance Bill which was encapsulated in a single paragraph.

By contrast, legislation drafted by the Inland Revenue for the Finance Bill runs into "12 pages of technical legislation. Most of it is concerned with tax penalties which will put people off."

The company says the draft legislation could lead to a double tax charge on shares passed by companies to their

employees. Clifford Chance also says the legislation would exclude workers employed in the UK by foreign corporations or their UK subsidiaries.

Mr David Reid, tax partner at Clifford Chance, said that amendments were essential before the bill was passed because the proposed new rules would be unattractive to many companies. "Having given its support to wider employee share ownership, the Government is in danger of undermining its own policy."

Although ESOPs are common in the US, where nearly 9,000 operate, there are only about a dozen in the UK. In the last Budget, however, Mr Nigel Lawson, Chancellor, announced plans to encourage their growth through tax breaks.

The fine detail of the legislation still has to be sorted out in the Finance Bill.

In an ESOP scheme, a trust is set up to buy shares in a company for future distribution to employees.

Marked change in causes of labour disputes

By Charles Leadbeater

THE CAUSES of industrial disputes have changed markedly in the 1980s according to figures compiled by the Department of Employment, which show a dramatic increase in the number of disputes over manning levels and working practices.

The statistics confirm that disputes over the restructuring of working arrangements are playing a much more prominent role in industrial relations than they did at the beginning of the 1980s.

The figures show there were 238 disputes over pay and wage rates involving 219,100 workers in the 12 months to February 1989. These disputes were responsible for the loss of 585,000 working days.

There were 186 disputes over manning and work allocation, involving 181,200 workers at a cost of 1,225,000 days lost.

Combined with 84 disputes over working conditions and supervision, this means that disputes over working arrangements accounted for about 40 per cent of all disputes.

By contrast, figures for the early and mid 1980s show that disputes over working practices accounted for at most 10 per cent of all disputes.

Of the 57 disputes which began in February 1989 only 13 were over manning, work allocation, working conditions and supervision, compared with 31 over pay.

Only 14 of the 93 disputes which began during February of 1980 were over working arrangements, compared with 42 over pay.

The growth of disputes over working practices and arrangements to displace purely pay disputes as the most important cause of unrest, reflects both employers continuing drive for more flexible working practices to raise efficiency.

Progress over BBC pay

By Our Labour Staff

THE BBC and broadcasting unions yesterday completed negotiations over a new pay deal. The deal includes a 15 per cent increase in basic pay, a 7 per cent increase in overtime pay, and a 10 per cent increase in holiday pay.

The unions - the National Union of Journalists, the Broadcasting and Entertainment Trades Alliance and the Association of Cinematographic, Television and Allied Technicians - had been threatening more action.

They are claiming an

increase of 15 per cent, against the BBC's imposed offer of 7 per cent. Many staff believe this could be the last chance for some time to narrow the pay gap which has grown in recent years between the BBC and the independent sector.

This week's talks were the first initiative to end the dispute after talks broke down a month ago.

Union leaders representing Britain's 19,000 ambulance workers are to meet on Tuesday to decide their next move following rejection by their members of a 6.5 per cent pay offer.

Shorter day 'could lift school standards'

By David Thomas, Education Correspondent

STANDARDS IN British schools might rise if they were to adopt a shorter "continental" day coupled with a four-term year, the annual conference of the National Association of Head Teachers was told yesterday.

Delegates to the conference of the 30,000-strong association, meeting in Llandudno, described the benefits of moving away from the traditional 9am-4pm school day, as they agreed to investigate the advantages of alternative school days.

The Government last month issued a circular arguing that many schools would have to increase their hours to cope with the new national curriculum. It called for a minimum teaching week of 25 hours for pupils aged 14-16.

However, Mr Graham Locke, head of Andover High School, Greater Manchester, told delegates he had introduced a continental day two years ago, with pupils finishing lessons at 2.35pm. Andover will be one of the first schools to opt out of local authority control from September.

Mr Locke said discipline during the lunch hour improved greatly under the continental system.

"There is no doubt the quality of learning is dramatically improved. It would give pupils more time with teachers, Mr

Locke said. "If you took that time and recycled it you would get an average of more than 25 hours a week."

Mr Graham Baker, Education Secretary, later told the conference that the role of head teachers would be strengthened by the Government's education reforms.

He told assembled head teachers that delegating decision-making to schools was intended to give "you more freedom to move resources according to your priorities."

Mr Baker added that the national curriculum, which will be phased into schools from September, would allow heads to raise standards by helping them to plan the step-by-step progression of pupils through schools.

The Education Secretary acknowledged a gradual improvement in standards over the last two decades, but criticised the improvement as "slow and uneven" and slower than that in Britain's main industrial competitors.

Mr Baker also hinted that head teachers would be given separate treatment within the new arrangements for teachers' pay bargaining that ministers are considering. Separately yesterday, he restated the Government's determination to increase the number of teachers receiving incentive payments.

the key business decision makers in each area than to worry about whether they wear a CBI or a chamber of commerce hat.

"It is also more important to ensure the right quality of board members and chairmen than to meet any particular deadline date."

Business people must be in the majority on the new councils, as individuals, not as the CBI or chambers of commerce. However, business organisations can form part of the consortium bidding for council status and government funds.

Sir Trevor said: "The onus is now placed on us as employers to lead the major training effort which will be essential if we are to address the technological and demographic trends of the 1990s."

CBI head urges business to back training councils

By Hazel Duffy

SIR Trevor Holdsworth, president of the Confederation of British Industry, yesterday urged business to help with the formation of the Training and Enterprise Councils that are being set up.

The CBI has criticised aspects of government policy on the councils, which will organise training on a local basis in some areas of the country.

CBI members have expressed concern that unless there is careful co-ordination between business organisations, rivalries and confusion would detract from the quality of the councils.

Sir Trevor told CBI Southern Region members yesterday: "It is more important to obtain the support and participation of

most. As backlogs of work build up so staff are distracted from processing applications by dealing with more telephone enquiries and personal applications from desperate travellers, the report says.

The position has been further complicated by the introduction of a 37m computerisation programme to bring in European standard passports, in which personal details are printed in a computer-readable format.

The unions claim this has further lowered efficiency because staff have been taken away for training without being replaced, and the computer frequently breaks down.

In the long run, prospects for delays to delivery of passports depend on improved management manpower planning and an increase in staffing.

The Passport Office last year produced its first ever operating plan. But according to the NAO report the plan makes no specific recommendations on how higher performance targets will be met.

The long running talks on the staffing crisis resume on Wednesday, with the unions seeking a 30 per cent increase in the 330 permanent staff. The Home

Resisting the stamp of authority

Charles Leadbeater and Michael Smith on the passport dispute

MARIO SOZZI, a 27-year-old civil servant, by default became the main office of the London passport office where he works should be to cut queues. Instead, he says, the opposite is happening because "we are having to sort out the problems created by the management error first, he says, by introducing a computer system in other offices which lengthened passport processing throughout the country. Then it compounded the problem by asking us to meet demands on staffing levels. The result, says Mr Sozzi, is that he and fellow clerical workers in passport offices are having to bear the brunt of public dissatisfaction.

Yesterday, Mr Sozzi, who works at the Italy France office in central London, was among hundreds of passport office workers throughout Britain who staged a one-day protest strike in support of colleagues in Liverpool who started an indefinite stoppage on Tuesday.

Staffing has not increased to take account of a steady increase in demand. The number of permanent staff has remained close to 900 since 1985, while demand has risen from 2.04m last year to more than 2.75m this year.

In addition the Passport Office has been poorly managed, according to a National Audit Office report published earlier this week. It says that the office does increase overtime and casual staff, but generally in reaction to the March peak in applications rather than to prevent it.

Productivity at the Passport Office has not risen in recent years. About 150 passports were issued per staff month in 1985-86, rising to 161 the following year and dropping to 151 last year, but productivity falls when an increase is needed



Pickets on duty outside Peterborough Passport Office

lic queues and go through a back door to the main London office. Peterborough.

Although the Passport Office says its minimum processing time is 72 hours, Mr David Smith of Travocour Visa Services said: "We can get business applications done in anything from 24 to 48 hours. But they have to have proof of imminent travel dates and a business letter."

Mr Chris Hammonds, of Visaservices, which makes two trips a day to deliver and collect in bulk, says it is helped by simply being able to direct lines to chivvy along the office. The company, which charges 25 an application for regular customers, fills out the applications so they are clearly "tagged" with a date by which they should be processed.

Mr Smith says: "The offices are completely understaffed, they need at least 100 more and if the strike sorts it out then everyone should be grateful."

Mr Sozzi is fed up with what he considers to be the understandable resentment of the public. "We often have to deal with people who have been queuing for three to four hours. Sometimes we have to tell them we cannot help them because they do not have the correct documentation. Obviously they are going to feel angry - especially if it means they will miss their holidays." Not even the glossy yesterday, France anyone around Petty France? The service was reduced, far fewer members of the public turned up than normal and so queues were cut considerably.

Mr Darren Westbrook, 20, had to wait only 15 minutes for attention, whereas on Wednesday he had queued for four and a half hours without success. Receipt of the passport removes the uncertainty surrounding a six-week trip to the US later this month.

GRANVILLE

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High Low	Company	Price	Change	Yield	P/E	
355	255	255	0	18.5	3.1	9.0
30	20	20	0	-	-	-
33	25	25	0	2.1	7.1	75.1
210	149	149	-1	2.7	5.4	-
124	124	124	0	6.7	5.4	-
123	100	100	0	5.9	5.8	8.9
110	107	107	0	11.0	10.2	-
305	285	285	0	14.7	4.5	3.7
176	146	146	0	14.7	8.4	12.1
210	140	140	0	7.4	3.7	12.1
310	309	309	0	15.3	9.4	-
400	355	355	0	12.9	3.8	28.4
125	119	119	0	7.1	3.9	10.7
184	115	115	0	7.5	6.8	4.2
222	261	261	0	18.7	4.0	12.4
110	96	96	0	18.7	3.5	9.9
467	465	467	0	18.7	4.0	12.4
287	270	270	0	18.7	3.5	9.9
117	100	100	0	18.7	3.5	9.9
122	92	92	0	2.7	2.8	10.6
117	106	106	0	9.6	6.8	9.4
395	385	385	0	16.2	4.9	27.8
500	507	507	0	16.2	4.9	27.8

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FINANCIAL TIMES

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Saturday June 3 1989

A benign scenario

IS IT POSSIBLE that the world's stock markets have got it all wrong? Here, after all, is Wall Street within striking distance of its pre-crash peak; other equity markets are well up on their levels at the start of the year. Yet there are clear signs of overheating in the global economy.

Oil prices are up more than a tenth on their level of a year ago. In the US, which many expect to slow down sooner than West Germany and Japan, wages are marching firmly upwards. In the rest of the world monetary expansion has contributed to an impressive boom. In some cases, most notably Britain, that has led to excess demand and growing trade deficits. Equally, industrialising economies exerting gravitational pull on wages in the developed world, as industrialists relocate their operations to make good the erosion of cost competitiveness.

within Nato on reducing short range nuclear weapons, together pave the way not only for a momentous step towards peace and stability, but for a less wasteful use of economic resources.

Unified market

The world economy in the 1980s has also acquired some new disinflationary stabilisers as a result of increasing integration and interdependence. Excess demand in one country no longer leads instantly to inflationary bottlenecks because it can be satisfied from excess capacity in the rest of the world. And in this unified global market a rich vein of cheap labour in newly industrialising economies exerts a gravitational pull on wages in the developed world, as industrialists relocate their operations to make good the erosion of cost competitiveness.

It may be that the stock markets have sensed a benign shift in the economic structure that favours less inflationary growth. In the meantime, industrial confidence is high. Instead of testing investment plans against worst case scenarios they did after the oil crisis in 1974, companies have sparked off a hugely optimistic investment boom in plant and machinery that will help sustain the growth momentum.

So what could upset this cheerful rationalisation? The main adjustment mechanism in a single world market in production and labour is the trade account; and trade imbalances provide the inflationary escape valve when individual countries suffer from overheating. The US experience with a large trade deficit is that the financing of imbalances can be manageable over long periods. But if overheating becomes global, financing would clearly be more difficult as competition for resources in the trade surplus countries became more fierce.

The said, America's inverse yield curve is telling us that investors regard this problem as remote. Their faith in the ability of the authorities to provide monetary stability has been bolstered by a pre-emptive anti-inflationary strike in the world's three largest economies. The real risk now for equity markets - though not for bonds - is that central bankers who were scared by the inflationary trauma of the 1970s will overreact by continuing to tighten, thereby precipitating recession, while the protectionist lobby in the US puts an additional brake on world trade growth. It is reassuring that the markets have so far shrugged off that risk. But the test is far from over.

David Lascelles reports on County NatWest and the Blue Arrow affair

The Department of Trade's five-month long inquiry into the Blue Arrow affair - the first to involve a clearing bank, National Westminster Bank - is still a month or two from completion. But the first fruits began to emerge this week when the inspectors circulated parts of a draft to those involved to give them a chance to correct facts and respond to criticism.

When the report is complete, it will be up to Lord Young, the Trade Secretary, to decide what further action to take, specifically whether to pass it on to the Serious Fraud Office.

Although people at Lothbury, NatWest's headquarters, are putting a brave face on the affair and expressing the hope that the inquiry will conclude there were only technical breaches of the law leading, at worst, to a reprimand, there is some anxiety there that the government will use Blue Arrow to make, as one said, "a sensational killing in the City."

Interviews with many of those most closely involved suggest that NatWest, and its merchant bank County, were, at best, economical with the truth about their controversial holdings in Blue Arrow, certainly so far as public disclosure was concerned, and maybe also in placing facts before their advisers and regulators. At worst, these actions could amount to fraud, and breach of the disclosure requirements of the Companies and Banking Acts, though the indications so far are that the inspectors will recommend disciplinary action against individuals, and require them to abstain from certain types of activity, rather than recommend prosecution.

The inquiry centres on the handling of an 887m rights issue in September 1987 by Blue Arrow, the investment services company. The issue was a flop, forcing County, the lead underwriters, and Phillips & Drew, the brokers, to take large blocks of shares totalling nearly 19 per cent themselves. But these holdings were not disclosed, even though, together, they greatly exceeded the 5 per cent level at which UK law requires disclosure.

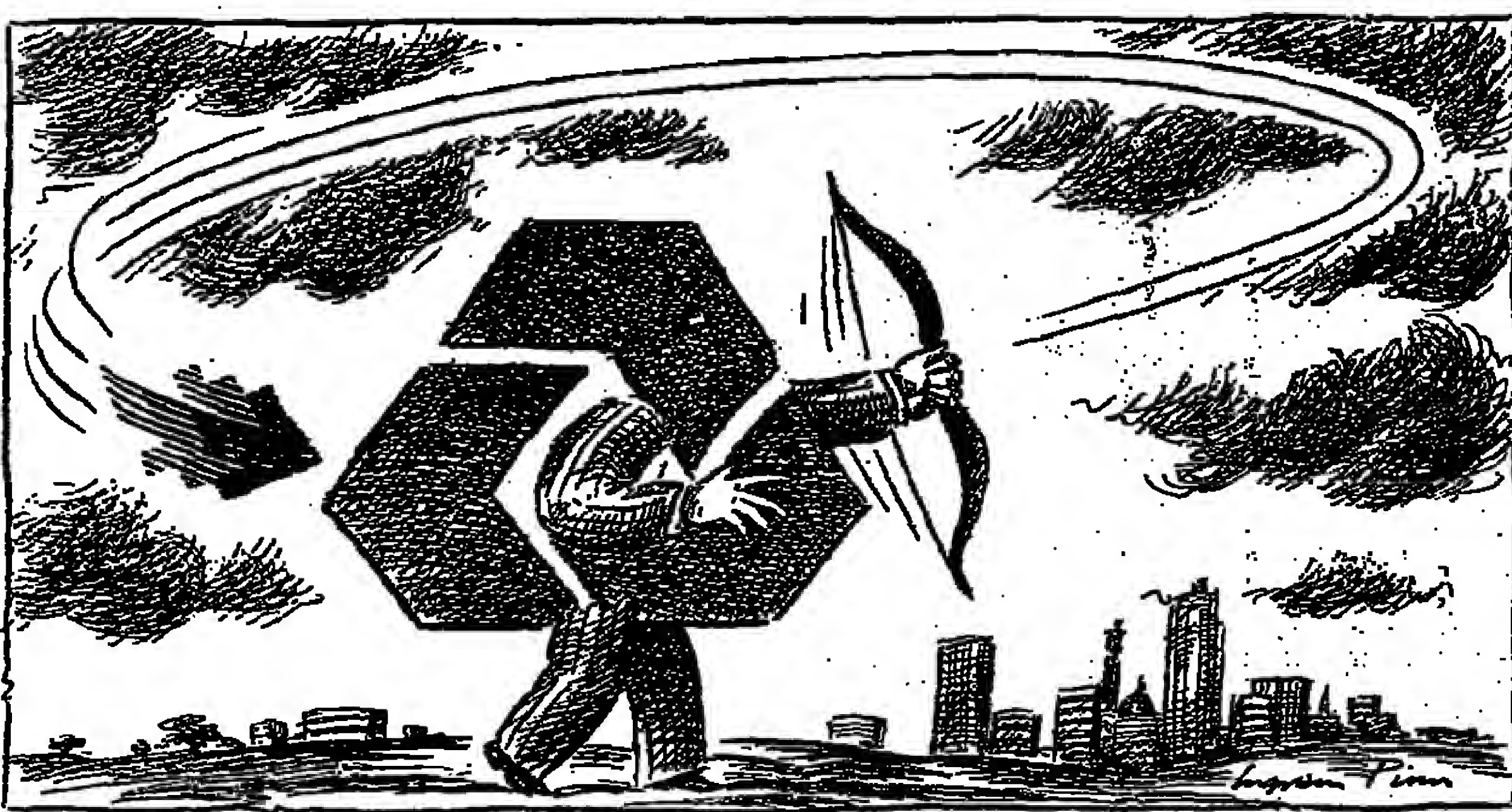
Last December, the DTI appointed two inspectors to inquire into County's role in the affair under the section of the Companies Act covering "circumstances suggesting that the company's affairs have been conducted for a fraudulent or unlawful purpose."

The major issues raised by the affair appear to be these: Intent: Was there any deliberate attempt to conceal the failure of the rights issue - or did County have solid grounds for not disclosing where the stakes had been placed? Sincerity: these conflicting views are summed up by two senior County executives, both now departed. Says one: "I can't see what all the fuss is about. The corporate finance department was doing what it was supposed to do, and it was all backed up by legal opinion."

The second counter: "These people broke the law and they should be in jail." A key factor was County's eagerness to have a successful deal and boost its standing. As a clearing bank subsidiary rather than an independent merchant bank it had always been in the City's second rank. It was also under strain because of management blunders resulting from the Big Bang in 1986.

The scale of the Blue Arrow issue gave County an opportunity to exploit its one great advantage, the huge balance sheet of its parent. The corporate finance department under Mr David Reed, and the director specifically engaged on Blue Arrow, Mr Nick Wells, were determined to make a success of it.

But many of the aspects of the way County handled the deal when it started to go sour after the October



'Our motives were not base'

market crash are hard to reconcile with its executives' claim that all was right and proper. Specifically:

● The stakes were split up into bundles which were small enough to fall below the disclosure requirements. County itself had 4.9 per cent, and its market-making arm County NatWest Securities was prevailed upon to take a further 4.6 per cent. Phillips & Drew, the UK stockbroker subsidiary of the Union Bank of Switzerland, had about 5 per cent and UBS itself another 4 per cent.

● County NatWest Securities held its shares under an arrangement which indemnified it against loss on the holding and limited it to 70 per cent of the profit. As a market-maker County NatWest Securities was exempt from the disclosure requirement, but only for shares held in the course of its market-making operations.

● UBS held its shares under a special arrangement under which County agreed to indemnify it against loss, thus reinforcing the link between the various stakes.

● There is a question-mark over whether County's compliance department was told all the details of the placings as soon as possible. One of the bank's directors admits: "Our understanding of compliance was less developed then. It was a new toy."

● Phillips & Drew put advertisements in the press claiming that the unsold portion of the rights issue had been "successfully placed at a premium." Although strictly correct, this glossed over the fact that a large part of the shares were still with those responsible for issuing them, and the premium was a mere 0.25p.

The fine taken by County NatWest is that all these arrangements were made to minimise disruption to the markets, and to do the best possible deal for its client, Blue Arrow. But was that sufficient justification for concealing the extent of the issue, and for the actions taken when the market fell? "You can't judge, but our motives were not base," says a senior County director.

The legal opinions: Much emphasis is laid by both County and NatWest on the fact that legal opinion was obtained shortly after the issue which said that the stakes were not discloseable, and that all the actions taken were within the law. The main opinion was given by the firm of Travers, Smith, Brathwaite.

The legal opinion was crucial. It was the key point in presentations that were made by County both to the NatWest board and to the Bank of England, and it appears, was the main reason why neither of these bodies thought it necessary to intervene. The Bank was informed of the arrangements soon after they were made and was satisfied on learning that they had been cleared by the lawyers. Similarly, when the board was briefed on Blue Arrow at a later stage, the directors' main concern was with the legal position.

The question is whether the lawyers were given the full facts. As one NatWest executive says: "You can't tell the lawyers anything."

If it transpires that the opinions were based on partial information, this would strengthen any impression that County was deliberately trying to mislead. It would also raise the question whether the NatWest board and the Bank of England were wrong not to seek independent legal opinions of

their own on a matter so fundamental as this. Neither appears to have checked whether County put the right questions to the lawyers, though Lord Boardman, NatWest's chairman, felt sufficiently uneasy about the indemnity arrangements to seek further legal advice. He was assured that all was within the law.

Who knew what and when? To what extent was County acting on its own initiative, and to what extent with the approval of its parent?

What is certain is that the exposure created by the Blue Arrow rights issue exceeded the limits set for County and therefore required approval at group level by the chief executive's office, consisting of Mr Tom Frost, the group chief executive, and his two deputies, Mr Terry Green and Mr Charles Green. When the deal closed, NatWest's top personnel were in Washington attending the annual meeting of the International Monetary Fund, so they were not on hand when County had to find a home for the unsold shares.

Many people working in County believe that NatWest's top executives would have had full information all along about the placing of the stakes. But the executives say that these were technical details best left to the "seasoned professionals" at County. Also, they were reassured by the legal opinions: "We were not concerned with specialist detail. We were concerned with macro risk," says one of them.

The board of NatWest was not told of the problems with the issue until December 8 1987, more than seven weeks after the crash, when County directors reported County's 9.5 per cent holding and the UBS and Phillips

publicly for the first time. Feb 23 1988: Chairman and chief executive of County resign as County reports losses of £16m. Feb 26: County launches internal inquiry into Blue Arrow affair under Sir Philip Wilkinson, deputy chairman. Dec 15: Inquiry by Department of Trade announced.

What is particularly curious about UBS is that it was not named in the minutes of reference of the DTI inquiry. The need not prevent it being criticised in the inspectors' report (indeed, two UBS employees were sent a copy of the inspector's draft this week, which is an indication that they are named in it). But the DTI's omission has added to the sense of grievance at NatWest.

The Wilkinson inquiry: How thorough were NatWest's own efforts to get at the truth of the Blue Arrow affair once it had burst into the open? After the resignation of Mr Charles Villiers and Mr Jonathan Cohen, County's chairman and chief executive, in February 1988, Mr Terry Green took over as temporary chief executive. He quickly ordered an internal inquiry by the group's inspectors under Sir Philip Wilkinson, a former NatWest chief executive and now deputy chairman.

NatWest has refused to discuss the details of Sir Philip's report, but its main conclusions are said to be: ● that "administrative mistakes" were made; ● that confidentiality rules were, if anything, too rigidly adhered to in County, and this prevented information about all the Blue Arrow holdings from being collated. For example, it transpired that NatWest's fund managers had bought 1 per cent of Blue Arrow for private clients and this tipped County's 4.9 per cent holding over the 5 per cent mark.

● that there was "lexity" in accounting at County. However, Sir Philip's central conclusion is that all actions to do with Blue Arrow were taken with honest motives, and that there was no attempt to deceive the public.

In retrospect, an independent inquiry would have done more to restore confidence in the NatWest group (NatWest could have asked the Bank of England or external auditors to do it), but Mr Green did not debate whether this was preferable. "It was not a whitewash, it was a *mez calpa*," says a senior executive. The coming weeks will show what further pain County has to undergo before it finally purges itself of Blue Arrow.

Paradoxical movements

Stock markets are by no means infallible. But even when they are wrong, their more paradoxical movements are usually telling us something interesting. And in this case it is worth noting several inflationary dogs that are refusing to bark. Commodity prices have advanced in line with the target levels agreed by the Group of Seven at the Louvre Accord in 1987; and the gold price, which usually soars on expectations of higher inflation and currency turmoil, is in the doldrums. As for oil, it has indeed bounced off the bottom. But with the huge increase in non-Opec energy sources, no one expects an early return to the inflationary shortages of the 1970s.

But other indicators of inflation - public spending, is also succumbing to more prudent management. Mr Gorbachev's revelations this week about the true size of Soviet military expenditure, with Mr Bush's successful diplomacy

MAN IN THE NEWS

Sousuke Uno

A serious politician with little taste for intrigue

By Ian Rodger



circumstances bothers Mr Uno, a 66-year-old, 10-times-elected party stalwart, he is not showing it. He said yesterday he was well aware of the crisis in the party and would set about political reform immediately. "I would like to help the party make a clean start so we will be able to regain the trust and confidence of the people," he said.

Mr Uno certainly has some qualifications for the task ahead. He has, in his long political career, acquired a reputation as a competent and serious minded executive on a wide variety of issues. First elected to the House of Representatives in 1958, he was soon noticed as a man of promise, and was used by Government leaders in the mid-1960s as a frequent emissary to Seoul to prepare the groundwork for the normalisation of relations between Japan and South Korea.

He held party positions in the early 1970s that enabled him to acquire some expertise on financial issues and won his first cabinet post, that of director general of the defence agency, in 1974. In the late 1970s, as the minister responsible for science and technology, he negotiated delicate agreements with the US that enabled Japan to set up a nuclear reprocessing plant. He was minister of international trade and industry in the Nakasone administration in the early 1980s when the US took fright at the surge of Japanese car imports, and he has proved an active and popular foreign minister at a time when Japan's influence in the world has grown rapidly.

He is eloquent to the point of being occasionally maudlin in his speeches, but wins praise from foreign diplomats for studying his brief carefully and being a lively conversationalist. "Ministerial level meetings with some Japanese foreign ministers have been quite painful, so Uno is appreciated," one Western diplomat said recently. The son of a sake brewer in rural western Japan, Mr Uno was a second lieutenant in the Imperial Army during the war. In 1945, he was captured by Soviet forces and spent two years in an internment camp. That experience led to his subsequent career. Shortly after coming home in 1947, he published a book about his experiences in the hope of raising public awareness of the plight of the remaining internees. The book was a great success, and formed the basis for a popular film. Mr Uno has said that "this experience of the power of public opinion led me to enter politics."

published two collections of poetry and two books on the history of his native region of Shiga, in western Japan. He paints in oils and loves to play folk tunes on the harmonica, as many foreign statesmen can attest. He is also a qualified teacher of kendo, Japanese fencing.

His weakness throughout his career has been an unwillingness to get deeply involved in the money-driven intra-party intrigue that leads to the acquisition of personal power in the LDP. He has been content to take a secondary role, working quietly for other leaders, especially Mr Nakasone, in whose faction he has been a loyal member for more than 20 years. When he was appointed foreign minister in the Takeshita cabinet, it was widely assumed that he was merely the delegate of Mr Nakasone, who maintains a strong interest in foreign policy.

His lack of a personal following in the party could be his undoing as prime minister. He will leave the Nakasone faction, in line with new party guidelines, but there is strong suspicion that the former prime minister still has a powerful influence on him. Indeed, Mr Nakasone resigned from the LDP and as leader of his faction last weekend partly to make it possible for Mr Uno to become prime minister. Other party leaders and many backbenchers would not otherwise have stomached the idea that Mr Uno, who was prime minister when the Recruit bribery campaign took place, be rewarded with a protégé's succession for having caused the party's current upheavals. Mr Uno may also feel indebted to Mr Takeshita, who proposed him for the job and convinced the party's leaders to accept him.

It all points to another stormy few months in Japanese politics. But at least Mr Uno is aware of the imagery. He recalled one of his many mottoes yesterday. "Spring winds go through iron walls." They will probably have to if he is to be more than a stop-gap prime minister.

HENDERSON

ADMINISTRATION GROUP PLC

Results for the year to 31st March, 1989

	1989	1988
Profit before tax in £thousand	12,440	22,456
Earnings per ordinary share in pence*	37.87	65.73
Dividends per ordinary share in pence	30.00	27.00
Net assets in £thousand	47,707	45,561
Funds under management in £million	8,787	7,611

*Earnings per ordinary share are shown before transfer from/to initial charge equalisation reserve.

With a strong balance sheet as support, the Group has reaffirmed its commitment to corporate independence, and believes that it is well placed to take full advantage of resumed confidence in the world's equity markets to the benefit of shareholders and clients alike.

The above figures are extracted from the accounts of the Group on which the auditors have given an unqualified opinion. The accounts will be filed with the Registrar of Companies and posted to shareholders on 9th June, 1989. Thereafter copies may be obtained from the Company Secretary, Henderson Administration Group plc, 3 Pinstary Avenue, London EC2M 2PA.

HENDERSON. THE INVESTMENT MANAGERS.

UK COMPANY NEWS

A further sign of a recovery in the Scotch whisky industry
Allied-Lyons goes for a double malt

By David Waller

ALLIED DISTILLERS, the whisky arm of Allied-Lyons, is buying two malthed Highland malt whisky distilleries from United Distillers, the spirits subsidiary of Guinness, the international drinks company.

Neither company would give any indication of the size of the consideration yesterday, though it is thought that around £10m changed hands. The transaction is significant in that it provides further evidence of the recovery of the Scotch whisky industry.

The two distilleries - the Imperial, in Carron, Moray-

shire, and Glentworth, in Mulben, Banffshire, were closed down by United Distillers in May 1988 in the face of continuing overcapacity in the whisky market.

"The industry was suffering from a surplus of stock," explained Mr David Farris, managing director of Allied Distillers, "which had the colloquial name of the whisky lock. That lock has been draining rapidly in recent years.

"Now, we need extra capacity as stock is very much more in line with demand," he said. The two distilleries will be reopened to take Allied's total to

12; the company makes Ballantynes and Teachers, respectively the world's second most popular Scotch after Guinness's own Johnnie Walker and the number two brand in the UK.

Guinness rejected any suggestion that the deal indicated a lack of commitment to the whisky industry on its own part.

The company pointed out that it operates 30 out of the 80 malt distilleries in production and will still have six malthed plants even after the latest disposal. It has pencilled in capital expenditure of

£17m for its distilling activities in the current year.

A recent survey from the whisky industry showed that 1988 production, at 330m litres of pure alcohol, was the highest since 1980. Sales have been rising at 1.2 per cent a year, but prices have grown more rapidly.

Guinness still only distils 70 per cent of the whisky it sells each year, but the imbalance between supply and demand is dwindling rapidly, not least because of increased demand for whisky from overseas.



Brian Wolfson: chairman of Wembley

Wembley goes disco dancing at Juliana's

By Philip Coggan

WEMBLEY, the leisure and property group, has agreed a £20m bid for Juliana's disco side since Wembley is used for more rock concerts than any other venue in the world.

Last year, Juliana's made pre-tax profits of £1.8m on turnover of £11.9m and Mr Wolfson said he did not expect the offer to cause any dilution in Wembley's earnings.

The offer is in the form of convertible loan stock worth 102p per Juliana's share with a cash alternative of 90p per share. That compares with the 67p trading price of Juliana's shares, before a bid approach was revealed last week.

Mr Oliver and Mr Tom Vaughan have signed five year service contracts with Wembley and have irrevocably agreed to accept the offer in respect of their 52 per cent holdings. Mr Oliver Vaughan will join the Wembley board.

Shares in Wembley fell 1p to 110p yesterday while those of Juliana's jumped 6p to 91p. Wembley was advised by Guinness Mahon.

Mr Wolfson also said that there was a link with Juliana's disco side since Wembley is used for more rock concerts than any other venue in the world.

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Eagle Trust talks with potential suitors ended

By Philip Coggan

EAGLE TRUST, the Midlands-based mini conglomerate, said yesterday that it was no longer in discussions with potential takeover suitors.

Mr Malcolm Stockdale, the former British Benzol chief, has recently become chairman of Eagle Trust after Irquios Brands, the US group of which Mr Stockdale is chairman, acquired a near 15 per cent stake.

Mr Stockdale has ordered an independent report by Peat Marwick into the accounts of Eagle and does not want to sell any part of the group until Peat Marwick reports. Eagle is believed to have had approaches from suitors wanting both individual parts, and the whole company.

Eagle also announced yesterday the appointment of Parrish as its broker. At the time of the appointment of Mr Stockdale, Charterhouse Tilney resigned as broker and Charterhouse Bank as financial adviser to be replaced by Aitken Hume.

VAG/Europcar

The trade and industry secretary has decided not to refer the following mergers to the Monopolies and Mergers Commission: the acquisition by Volkswagen AG of a 50 per cent holding in Europcar and the acquisition by the latter of Interrent.

LONDON RECENT ISSUES

EQUITIES		1989		1988		1987		1986	
Code	Company	High	Low	High	Low	High	Low	High	Low
4100	BP	126	100	116	90	108	80	110	80
4101	British Telecom	100	80	95	75	90	70	95	70
4102	British Airways	100	80	95	75	90	70	95	70
4103	British Gas	100	80	95	75	90	70	95	70
4104	British Leyland	100	80	95	75	90	70	95	70
4105	British Overseas Airways	100	80	95	75	90	70	95	70
4106	British Shipbuilders	100	80	95	75	90	70	95	70
4107	British Steel	100	80	95	75	90	70	95	70
4108	British Sugar	100	80	95	75	90	70	95	70
4109	British Telecommunications	100	80	95	75	90	70	95	70
4110	British Waterways	100	80	95	75	90	70	95	70
4111	British Airways	100	80	95	75	90	70	95	70
4112	British Airways	100	80	95	75	90	70	95	70
4113	British Airways	100	80	95	75	90	70	95	70
4114	British Airways	100	80	95	75	90	70	95	70
4115	British Airways	100	80	95	75	90	70	95	70
4116	British Airways	100	80	95	75	90	70	95	70
4117	British Airways	100	80	95	75	90	70	95	70
4118	British Airways	100	80	95	75	90	70	95	70
4119	British Airways	100	80	95	75	90	70	95	70
4120	British Airways	100	80	95	75	90	70	95	70

RIGHTS OFFERS

Code	Company	1989	1988	1987	1986
4100	BP	100	80	95	75
4101	British Telecom	100	80	95	75
4102	British Airways	100	80	95	75
4103	British Gas	100	80	95	75
4104	British Leyland	100	80	95	75
4105	British Overseas Airways	100	80	95	75
4106	British Shipbuilders	100	80	95	75
4107	British Steel	100	80	95	75
4108	British Sugar	100	80	95	75
4109	British Telecommunications	100	80	95	75
4110	British Waterways	100	80	95	75
4111	British Airways	100	80	95	75
4112	British Airways	100	80	95	75
4113	British Airways	100	80	95	75
4114	British Airways	100	80	95	75
4115	British Airways	100	80	95	75
4116	British Airways	100	80	95	75
4117	British Airways	100	80	95	75
4118	British Airways	100	80	95	75
4119	British Airways	100	80	95	75
4120	British Airways	100	80	95	75

TRADITIONAL OPTIONS

Code	Company	1989	1988	1987	1986
4100	BP	100	80	95	75
4101	British Telecom	100	80	95	75
4102	British Airways	100	80	95	75
4103	British Gas	100	80	95	75
4104	British Leyland	100	80	95	75
4105	British Overseas Airways	100	80	95	75
4106	British Shipbuilders	100	80	95	75
4107	British Steel	100	80	95	75
4108	British Sugar	100	80	95	75
4109	British Telecommunications	100	80	95	75
4110	British Waterways	100	80	95	75
4111	British Airways	100	80	95	75
4112	British Airways	100	80	95	75
4113	British Airways	100	80	95	75
4114	British Airways	100	80	95	75
4115	British Airways	100	80	95	75
4116	British Airways	100	80	95	75
4117	British Airways	100	80	95	75
4118	British Airways	100	80	95	75
4119	British Airways	100	80	95	75
4120	British Airways	100	80	95	75

Higher advertising revenue boosts P&SN

By Andrew Hill

PORTSMOUTH & SUNDAY SPORT pre-tax profits rose from £4.36m to £5.75m in the year to April 1, on the back of increased advertising and printing revenue.

The publishing, printing and retailing group - with which Sunday Sport publisher Mr David Sullivan enjoyed a brief flirtation earlier this year - said profits had increased 40 per cent if the 1987-88 figures were adjusted for 52 weeks.

Turnover rose from £83.2m to £71.7m, of which 70 per cent (73 per cent) came from newspaper publishing and printing and the balance from the group's chain of 28 convenience stores and 20 newsagents, which is being expanded at a rate of 10 stores a year.

Earnings per share increased from 21.4p to 28.5p and the company recommended a final dividend of 5.35p, making 6.36p (5.28p) for the year.

Revenue at its three evening and 16 free-for-all-for-weekly newspapers had increased by over 21 per cent during the year, and sales revenue by 6 per cent.

Contract printing turned over nearly £11m, despite losing contracts to print The Observer and The Guardian.

Since April a new three-year contract with The Independent had doubled the paper's print run at the group's Portsmouth plant to about 250,000 copies.

The group took 250,000 of redundancy costs above the line. They relate to the change to direct input at its Croydon operation.

Mr Charles Brims, P&SN's chief executive, said the group's double-width presses at Portsmouth were working at full capacity and the new colour press at half capacity.

The group also announced that it had converted its holding in Reuters into £2.6m in cash and 425,000 shares following capital reconstruction earlier this year at the news and financial information group.

Mr Brims said the cash would be added to existing cash balances of about £2.7m set aside for further development.

Mr Sullivan bought a 5 per cent stake in P&SN at the end of January, only to sell it within a week to Daily Mail

publisher, Associated Newspapers, at a 30 per cent profit.

These results were at the upper end of forecasts made when the group produced its third-quarter figures in February and when rationalisation costs were added back in, the figures look even better.

The group is probably set for a gentler year in 1989-90 with the adverse effect of high interest rates being offset by the benefits of direct input which is being introduced at Croydon, P&SN's last publishing subsidiary to be converted to new technology.

Mr Sullivan's encounter with P&SN pushed the group's shares up from 240p to about 335p, and there they have remained, rising 5p to 345p yesterday, which looks a fair value. Analysts are hoping for between £6.5m and £7m before tax this year, which would put the shares on a prospective price/earnings multiple of 10 or 11.

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Court halts subsidiaries buying further Sea Containers shares

By Andrew Hill

BERMUDA'S Supreme Court has stopped Sea Containers' subsidiaries buying further shares in the parent company for at least another month.

The ruling follows the first legal skirmish in the unsolicited £80m (£517.5m) bid for the Bermuda-registered container group, which owns Sealink British Ferries.

An interim injunction was granted to Temple Holdings, the new Bermuda company set up for the bid by the two predators - Tiphook, the UK container rental group, and Stena, a private Swedish ferry operator.

The injunction prevents Sea Containers' subsidiaries buying further shares in their parent before July 3, the date for a hearing of the preliminary issues. It also freezes the "poison pill" protection which allows Sea Containers shareholders to subscribe for new preference shares in the event of a bid.

Although this is only a temporary ruling, the documents run to 58 pages, an indication of the intricacy of court actions which are already keeping

Evidence of Tiphook and Stena's attempts to kill Sea Containers with kindness emerged at yesterday's Bermudian court hearing in the form of exhibit (a)(10), a letter from Stena's chief executive Mr Dan Sten Olsson, to Mr James Sherwood, Sea Containers' general but hard-headed president and founder who owns 7.1 per cent of the group, writes Andrew Hill.

"Dear Jim, (it begins) 'I know it is very difficult for the creator and founder of a company to part from it; it is something I personally have experienced... Robert [Montague, Tiphook's chairman] and I sincerely appreciate what you have achieved. This is the time, however, to pass the baton to a new set of top management.'

Mr Sherwood has yet to respond to Mr Olsson's overtures, but the market seems unconvinced by the kid-glove approach: in New York, Sea Containers shares are still trading more than \$5 above the bid price of \$50.

legal advisers in pocket both in Bermuda and Washington DC. Temple says subsidiaries bought 12.9 per cent of Sea Containers' shares in March and April, allegedly in an attempt to thwart a possible bid from Stena, which had bought an 8.2 per cent stake. Temple claims Sea Containers management and subsidiaries already speak for a further 11.7 per cent.

If the Bermudian court favours Temple next month, the subsidiaries' purchases could be nullified, frozen, or

reversed.

The largest stake, of 10 per cent, was bought from Templeton, Galbraith & Hansberger, a US fund manager which, for technical reasons, is also a defendant in the Bermudian action.

In a separate action in Washington DC, Sea Containers is seeking to forestall the Bermudian case, alleging that Stena has already had one bite at the cherry in the US courts. Alternatively Sea Containers wants to freeze the Swedish group's holding.

James Smith comes to USM valued at £16m

By Vanessa Houlder

James Smith Estates, a property investment company, is coming to the USM via a placing, capitalising it at £16.17m.

Sheppard's is placing 3.75m shares at 105p, which represents 24.4 per cent of the capital. This will raise about £2.4m for the company which will be used to reduce its short-term borrowings and increase its working capital.

The company has a property investment portfolio which comprises commercial, residential and industrial property in London and the south-east of England.

The company said it intended to increase its property development activities, although the overall emphasis would remain in property investment, for which it considered there were excellent medium-term prospects. After the placing the company will have a net asset value of £23.4m. The placing will be at a discount to net asset value of 31 per cent.

In the year to March 24 1988, the company made pre-tax profits of £741,000 (£589,000) on rental income of £1,068m (£874,000).

De Benedetti raises his De La Rue stake

By David Waller

SHARES IN De La Rue gained 6p to 313p yesterday against the trend of the market after it emerged that Societe Financiere de Geneve - the Swiss holding company for Mr Carlo de Benedetti - had increased his stake in the UK bank-note and printing equipment group.

Mr De Benedetti, the Italian entrepreneur, first disclosed a 4.9 per cent in De La Rue in January.

Yesterday's announcement indicated that his holding has now been increased beyond the 5 per cent threshold to 7.14m

shares, or 5.083 per cent.

De La Rue - which next week reports its figures for the year to the end of March - declared itself non-plussed at the latest development, and no-one at Sofigen was prepared to comment.

But the disclosure served to stir up speculation about the company's future.

In February, De La Rue shocked the market with a warning that 1988-89 profits would be substantially lower than the £25m achieved in the previous year, and the

shares plummeted, losing more than 10 per cent of their value in one day.

The company said then it was suffering from problems at two key subsidiaries - Printtrak, a company which makes automated finger-print identification systems, and Crossfield, a manufacturer of sophisticated pre-press machinery for the newspaper industry.

The announcement then fuelled much speculation that the company was vulnerable to a takeover bid.

Although Mr Robert Max-

well, the ubiquitous entrepreneur who holds a 15 per cent plus stake in the company, went out of his way to declare his loyalty to the present management, it was thought that his holding would make an ideal platform for a bid.

Since the profits warning, Mr Brian Malpass, the company's chief executive, has gone on extended leave due to ill health and the company's shares have sunk to their present level from 457p.

De La Rue is now capitalised at £482.2m.

Henderson Admin falls to £12.4m but better than expected

By Clare Pearson

HENDERSON ADMINISTRATION Group, the fund management group badly hit by the crash, emerged less scathed than it had expected as it revealed its results for the year to March 31 1989.

Pre-tax profits were sharply down at £12.44m, against £22.46m last time. But the shares rose 5p to 515p at the news of a better-than-anticipated final dividend of 23p (20p), making 30p (27p).

Revenues were down to £38.8m (£53.2m) during the year, but the results showed a sharp improvement in the second half over the first. Second-half profits were almost double at £2.15m, as management fees benefited from the recovery in world markets and as overheads were cut. Personnel was severely cut - mostly in temporary staff, though some permanent - and part of the headquarters building was sub-

Operating costs fell in the year by 18 per cent to £27.7m (£29.86m).

Henderson stressed yesterday that it was "reaffirming" its commitment to corporate independence. Mr Ben Wrey, deputy chairman, emphasised that Henderson had strong balance sheet with shareholders' funds standing at about £47.7m.

Persistent bid speculation over the past year has intensified in recent months with the emergence of USF&G Corporation, a US insurance company,

as a 13 per cent shareholder. Henderson has insisted the US company is welcomed.

Mr Wrey said he believed the City, which was expecting about £10m pre-tax, had underestimated the degree of recovery that would be possible after the sharply lower first half result.</

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Association of London Authorities, Friends of the Earth, and 100 other pressure groups, protest against London road building programme, Hampstead Heath, Parliamentary elections, Poland, Fifta international conference on Aids, Montreal (until June 9).

MONDAY: Final April figures for retail sales, Consumer credit business in April, EC transport council two-day meeting opens, Brussels, Mr. Benazir Bhutto, Prime Minister of Pakistan, visits Washington, Opec ministerial meeting, Vienna, Lord Calves, Environment Minister, speaks at Global Climate Change conference, on World Environment Day, Shell Centre, London, British Institute of Energy Economics fourth annual North Sea conference, Whitehall, Western European Union annual assembly opens, Paris (until June 8), President Francois Mitterand of France starts two-day visit to Tunisia.

TUESDAY: Housing starts and completions in April, First quarter figures for house renovations, Chartered Institute of Public Finance and Accountancy conference, Eastbourne, Enterprise and the North West - opportunities for action, conference and exhibition, Manchester (until June 8), Financial Times two-day conference opens on commercial aviation and aerospace - tomorrow, the year 2000, Paris, Appeal Court judgment expected on legality of proposed dockers' strike.

WEDNESDAY: Advance energy statistics for April, Overseas travel and tourism in March, Detailed analysis of employment, unemployment, earnings, prices, and other indicators, US wholesale trade figures for April, Mr. Kenneth Baker, Education Secretary, speaks at accountancy conference, Eastbourne, Mr. John Paton, Home Office Minister, launches Secured by Design crime prevention initiative.

THURSDAY: CBI/FT Survey of distributive trades for May, Nato defence ministers two-day planning committee meeting opens, Brussels, ECO environment ministers meet to consider pollution cuts on small cars, Luxembourg, US money supply figures for week ending May 31, US figures for consumer credit in April, Paris Air Show opens (until June 18).

FRIDAY: First quarter construction output figures, US producer price index for April/May, Confederation of Shipbuilding and Engineering Unions meeting on engineering industry pay dispute.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 31, 1989		Increase or decrease for week
	£	£	
LIABILITIES			
Capital	1,628,000	1,628,000	0
Public Deposits	1,587,292,514	1,587,292,514	0
Bankers Deposits	1,964,835,800	1,964,835,800	0
Reserve and other Accounts	3,655,972,436	3,655,972,436	0
ASSETS			
Government Securities	1,082,704,187	1,082,704,187	0
Advances and other Accounts	1,020,343,189	1,020,343,189	0
Premises Equipment & other Secs	1,541,676,593	1,541,676,593	0
Notes	11,087,140	11,087,140	0
Coin	211,597	211,597	0
	3,655,972,436	3,655,972,436	0

ISSUE DEPARTMENT	Wednesday May 31, 1989		Increase or decrease for week
	£	£	
LIABILITIES			
Notes in circulation	14,975,982,880	14,975,982,880	0
Notes in Banking Department	11,087,140	11,087,140	0
	14,990,000,000	14,990,000,000	0
ASSETS			
Government Debt	11,015,100	11,015,100	0
Advances and other Accounts	13,873,881,811	13,873,881,811	0
Other Securities	1,805,898,089	1,805,898,089	0
	14,990,000,000	14,990,000,000	0

BARBADOS

The Financial Times proposes to publish this survey on:

19 JUNE 1989

For a full editorial synopsis and advertisement details, please contact:

NIGEL BICKNELL
on 01-873 3447

EUROPEAN OPTIONS EXCHANGE

Series	Jun 89		Jul 89		Aug 89		Stock
	Vol	Last	Vol	Last	Vol	Last	
Gold	3,350	350	3,350	350	3,350	350	\$ 362.10
S&P 500	30	17.50	30	17.50	30	17.50	\$ 262.10

Series	Jun 89		Jul 89		Aug 89		Stock
	Vol	Last	Vol	Last	Vol	Last	
EDF Index C	FL 270	24	32	254	3	34	FL 303.05
EDF Index D	FL 270	54	23.50	4	1	1	FL 303.05
EDF Index E	FL 270	46	17.30	22	2	2	FL 303.05
EDF Index F	FL 270	149	12.60	7	15	20	FL 303.05
EDF Index G	FL 270	749	11.90	1	4	4	FL 303.05
EDF Index H	FL 270	2303	5.50	114	42	20,80	FL 303.05
EDF Index I	FL 270	1235	2.50	114	6	8,50	FL 303.05
EDF Index J	FL 270	341	1.10	207	4	4	FL 303.05
EDF Index K	FL 270	34	0.30	10	1	1	FL 303.05
EDF Index L	FL 270	251	1.40	277	4	4	FL 303.05
EDF Index M	FL 270	251	1.40	277	4	4	FL 303.05
EDF Index N	FL 270	1162	5	111	1	1	FL 303.05
EDF Index O	FL 270	32	7.70	1	1	1	FL 303.05
EDF Index P	FL 270	1170	1.50	1	1	1	FL 303.05
EDF Index Q	FL 270	150	3.20	100	4	4	FL 303.05
EDF Index R	FL 270	124	1.50	1	1	1	FL 303.05
EDF Index S	FL 270	124	1.50	1	1	1	FL 303.05
EDF Index T	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index U	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index V	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index W	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index X	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index Y	FL 270	101	1.30	1	1	1	FL 303.05
EDF Index Z	FL 270	101	1.30	1	1	1	FL 303.05

TOTAL VOLUME OF CONTRACTS: 65,440
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

Series	%	Series	%	Series	%
AAA Bank	14	Cyberlink Bank	14	Mid Westchester	14
AA- Bank	14	Comer. Bk. East	14	Rockwell Bank Ltd	14
AA- Bank	14	Co-operative Bank	14	Norwich Gen. Trust	14
AA- Bank	14	Curtis & Co.	14	PRVAT/Trustee Limited	14
AA- Bank	14	Cyprus Property Bk	14	Provincial Bank PLC	14
AA- Bank	14	Bank of Cyprus	14	E. England & Ssex	14
AA- Bank	14	Bank of Ireland	14	Standard Chartered	14
AA- Bank	14	Bank of India	14	Standard Bank	14
AA- Bank	14	Bank of Scotland	14	TSB	14
AA- Bank	14	Bank of South Africa	14	United Bk of Kuwait	14
AA- Bank	14	Bank of Singapore	14	United Bk of London	14
AA- Bank	14	Bank of Siam	14	United Bk of Paris	14
AA- Bank	14	Bank of Swaziland	14	United Bk of Rome	14
AA- Bank	14	Bank of Tanzania	14	United Bk of Tokyo	14
AA- Bank	14	Bank of Uganda	14	United Bk of Zurich	14
AA- Bank	14	Bank of Zambia	14	Westpac Bank Corp.	14
AA- Bank	14	Bank of Zimbabwe	14	Westpac Banking Corp.	14
AA- Bank	14	Bank of Brunei	14	Westpac New Zealand	14
AA- Bank	14	Bank of Cambodia	14	Westpac Singapore	14
AA- Bank	14	Bank of Laos	14	Westpac Thailand	14
AA- Bank	14	Bank of Maldives	14	Westpac USA	14
AA- Bank	14	Bank of Myanmar	14	Westpac Vietnam	14
AA- Bank	14	Bank of Nepal	14	Westpac Yemen	14
AA- Bank	14	Bank of Oman	14	Westpac Zimbabwe	14
AA- Bank	14	Bank of Pakistan	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Qatar	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Saudi Arabia	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Sierra Leone	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Somalia	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Sri Lanka	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Sudan	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Swaziland	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Tanzania	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Uganda	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Zambia	14	Westpac Zanzibar	14
AA- Bank	14	Bank of Zimbabwe	14	Westpac Zanzibar	14

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday June 2 1989					Highs and Lows Index													
	Index No.	Day's Change %	Est. Yield (Max.)	Gross Div. Yield (Avg at 25%)	P/E Ratio	Index No.	1989		1999										
							High	Low	High	Low									
1 CAPITAL GOODS (205)	951.94	-0.2	18.75	4.87	11.58	12.70	953.36	968.52	949.70	765.30	1085.51	1975	775.54	3/1	1838.87	16/7	887	54.71	13/12/74
2 Building Materials (229)	1184.87	-0.1	11.99	4.33	13.38	17.51	1187.79	1205.42	1225.89	998.42	1287.14	1975	991.06	3/1	1381.88	16/7	887	44.27	11/12/74
3 Contracting (57)	1643.85	-0.4	13.82	4.22	9.49	29.32	1678.87	1675.82	1689.83	1545.89	1881.64	14/3	1468.31	3/1	1951.58	16/7	887	71.48	2/12/74
4 Electricals (70)	2741.98	-0.4	8.95	4.14	13.88	49.45	2772.58	2787.14	2865.84	2647.40	2951.88	1975	2294.38	3/1	2951.88	1975	891	84.71	25/6/62
5 Electronics (30)	2215.85	+0.1	8.43	3.87	15.06	14.70	2212.54	2226.79	2248.75	1620.75	2388.22	1975	1776.44	3/1	2388.22	1975	1229	81	1/8/85
6 Mechanical Engineering (50)	513.89	-0.6	18.87	4.82	12.22	7.42	516.84	521.49	526.88	398.88	536.69	1975	486.94	3/1	544.57	14/10/87	45.43	5/1/75	
7 Metals and Metal Forming (7)	394.76	+0.2	14.55	3.44	7.78	1.84	393.46	394.83	397.83	484.10	362.47	1975	422.52	3/1	394.57	9/10/87	49.85	6/1/75	
8 Motors (17)	339.29	-0.5	11.58	4.74	18.11	6.49	321.29	323.34	324.51	273.38	328.74	1975	288.28	3/1	411.42	13/10/87	18.91	6/1/75	
9 Other Industrial Materials (22)	1256.38	-0.3	3.57	4.36	12.35	25.11	1248.48	1249.60	1269.50	1277.94	1574.29	1975	1311.63	3/1	1736.80	22/9/87	277.55	15/1/81	
10 OTHER INDUSTRIAL GROUPS (137)	1197.77	+0.1	9.19	3.71	15.62	13.82	1198.63	1205.90	1213.79	1074.76	1254.98	1975	1016.74	3/1	1486.32	16/7/87	61.41	13/12/74	
21 Brewers and Distillers (22)	1299.35	+0.4	16.45	3.72	12.83	16.42	1294.57	1298.74	1296.94	1112.36	1364.69	14/3	1112.42	3/1	1344.69	14/3	889	69.47	13/12/74
22 Food Manufacturing (20)	1855.43	+0.2	9.79	3.92	12.91	14.86	1852.46	1859.81	1861.68	1566.49	1912.21	1975	1656.84	3/1	1882.21	1975	59.57	11/12/74	
23 Food Retailing (15)	2227.72	+0.8	8.84	3.33	14.89	17.33	2211.41	2221.90	2223.54	1971.48	2264.79	1975	1984.64	3/1	2499.96	16/7/87	54.25	13/12/74	
27 Health and Household (14)	2216.86	+0.1	6.49	2.48	16.96	16.41	2215.83	2223.30	2223.30	1815.42	2326.79	1975	1778.28	3/1	2499.96	16/7/87	175.38	29/5/88	
29 Leisure (23)	1644.75	-0.7	7.56	3.55	16.61	21.13	1644.67	1643.46	1643.57	1385.96	1703.94	1975	1546.22	3/1	1783.94	1975	54.83	9/1/75	
31 Packaging and Paper (15)	568.73	+0.2	10.14	4.27	12.45	7.18	567.69	572.85	579.89	490.56	607.36	8/2	523.88	3/1	739.48	16/7/87	43.46	6/1/75	
32 Publishing and Printing (19)	3499.87	-0.3	9.36	4.58	13.40	44.70	3498.73	3515.98	3531.28	3387.82	3916.34	8/2	3296.76	4/1	5876.65	5/10/87	55.08	6/1/75	
34 Shores (15)	785.47	-0.1	11.32	4.54	11.57	11.48	785.46	785.84	801.73	611.59	848.78	1975	479.97	3/1	1168.58	29/7/87	52.63	6/1/75	
35 Textiles (15)	628.48	-0.1	11.18	5.37	10.77	6.52	628.84	621.84	646.18	548.22	648.22	1975	464.58	8/2	511.32	2/10/87	62.66	13/12/74	
40 OTHER GROUPS (94)	1891.21	-0.1	18.33	4.26	11.79	18.43	1891.85	1899.22	1918.48	1713.99	2138.39	1975	1896.15	3/1	1928.48	8/10/87	58.83	6/1/75	
41 Agencies (18)	1391.28	-0.4	6.79	2.36	18.37	14.92	1397.33	1404.34	1424.83	1149.85	1424.83	1975	1189.84	3/1					

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Employment figures hit dollar

THE US dollar spent an eventful day in currency markets yesterday, finishing sharply down from Thursday's close as sellers gained the upper hand in very thin trading.

The mood of the market started on a very uncertain note ahead of the release of US employment data for May. A rise of 101,000 in non-farm payroll employment was almost half the expected increase, and investors immediately took the view that the US Federal Reserve would see a greater opportunity to ease monetary policy.

But the US unit soon bounced back from the day's lows although the recovery proved to be short lived, and the US unit fell back to finish at its lowest level for two weeks against the West Ger-

man D-Mark at DM1.9575 from DM1.9690 on Thursday. It was also weaker against the yen at ¥141.75 from ¥142.70. Elsewhere, it finished at SF1.6850 from SF1.7040 and FF16.8450 compared with FF16.7275. On Bank of England figures, the dollar's exchange rate index fell from 72.2 to 71.8.

Some traders suggested that the dollar is likely to find good support at around the DM1.9500 level, while others expect the administration to allow interest rates to decline as part of the US contribution towards bringing the dollar down and helping to reduce global trade imbalances.

Further evidence that the dollar may be on a downward path was provided by a fall in Euro-currency interest rates, where three-month Euro-dollars were lower by one eighth of a point overnight, showing a fall of three eighths of a point at 9% per cent over the past two weeks.

Sterling continued to edge higher as investors regained some degree of confidence in the pound. Many analysts feel that the pound is still vulnerable and that further downward pressure may come towards the end of the month. This is when the next batch of important UK economic data is due for release.

Yesterday, the pound's exchange rate index rose to 92.5 from 92.4 on Thursday, although its close was down from an opening level of 92.6. Against the dollar, sterling rose to \$1.5920 from \$1.5790. It was slightly weaker against the D-Mark at DM3.1175 from DM3.1900 but moved up against the yen to ¥248.76 from ¥234.50. Elsewhere, it finished at SF2.6825 from SF2.6900 and FF10.5775 compared with FF10.5825.

May monthly averages against the dollar are sterling 1.6285; D-Mark 1.9420; and yen 158.02.

6 IN NEW YORK

Table with 3 columns: Date, Last, Previous. Rows for 6-month, 12-month, 24-month.

STERLING INDEX

Table with 3 columns: Date, Last, Previous. Rows for 3-month, 6-month, 12-month, 24-month.

CURRENCY RATES

Table with 4 columns: Currency, Bid, Offer, Spread. Rows for Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with 4 columns: Currency, Bid, Offer, Spread. Rows for Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with 4 columns: Currency, Bid, Offer, Spread. Rows for Argentine, Australian, etc.

FORWARD RATES AGAINST STERLING

Table with 4 columns: Currency, 1, 3, 6, 12. Rows for US Dollar, French Fr, etc.

MONEY MARKETS

UK rates steadier

UK INTEREST rates were barely changed yesterday ahead of the weekend. There was some relief that US employment data came out showing a smaller than expected rise, and this helped to reduce fears of another possible increase in UK rates.

Three-month interbank money was quoted at 14-13 1/2 per cent from 14-14 per cent. The Bank of England forecast a surplus of around £500m. Factors affecting the market

UK clearing bank best lending rate 14 per cent from May 24

included bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £187m and a rise in the note circulation of £90m.

These were more than offset by Exchequer transactions which added £840m and banks' balances brought forward £170m above target.

The forecast was revised to a surplus of around £300m, but the Bank gave no assistance in the morning. In the afternoon, a further revision took the surplus to £250m, and the Bank took out the excess liquidity by selling £260m of Treasury bills at 13 1/2-14 per cent, maturing on June 23.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with 4 columns: Date, Day's spot, Date, One month, % change, % of 12 months. Rows for US, Canada, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table with 4 columns: Date, Day's spot, Date, One month, % change, % of 12 months. Rows for US, Canada, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with 4 columns: Currency, Bid, Offer, Spread. Rows for Belgium, France, Germany, etc.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Currency, Term, Rate. Rows for US Dollar, etc.

EXCHANGE CROSS RATES

Table with 4 columns: Currency, Bid, Offer, Spread. Rows for DM, SF, etc.

FT LONDON INTERBANK FIXING

Table with 4 columns: Bid, Offer, Bid, Offer. Rows for 3 months, 6 months, 12 months.

MONEY RATES

Table with 4 columns: Term, Rate. Rows for Lanchtime, Prime rate, etc.

LONDON MONEY RATES

Table with 4 columns: Term, Rate. Rows for 1 month, 3 months, 6 months, 12 months.

LIFFE LIANG ONLY FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LONDON (LIFFE)

Table with 4 columns: Date, High, Low, Prev. Rows for 2-year, 5-year, etc.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE EURO-DOLLAR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 90 DAY LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 180 DAY LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 360 DAY LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 5 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 10 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 30 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 15 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 7 1/2 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 5 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 3 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 2 YEAR LIBOR FUTURES OPTIONS

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LIFFE 6 MONTH LIBOR FUTURES OPTIONS

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LIFFE 15 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 7 1/2 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

LIFFE 5 YEAR LIBOR FUTURES OPTIONS

Table with 4 columns: Strike, Call, Put, Spread. Rows for various contracts.

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FINANCIAL TIMES GUIDE TO UNIT TRUSTS

Why should you become a unit trust investor? Will a unit trust perform better than a building society account? Why unit trusts rather than shares? This guide answers these and other questions and outlines all you need to know to make an informed investment decision about unit trusts.

Order form for Financial Times Guide to Unit Trusts. Includes fields for name, address, and payment method.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. NOTICE is hereby given that a Petition was on the 26th day of May 1989 presented to Her Majesty's High Court of Justice for the winding up of a Scheme of Arrangement.

EDUCATIONAL

Advertisement for 'CIEL IN FRANCE' language school, featuring a picture of a building and text about learning French.

PERSONAL

Advertisement for 'AUTHORS' book publishing, with contact information for Richard Willis or Gillian King.

FUTURE OF EUROPEAN CAPITAL MARKETS

The Financial Times proposes to publish this survey on: 3rd July 1989. For a full editorial synopsis and advertisement details, please contact: Richard Willis or Gillian King.

WORLD STOCK MARKETS

AMERICA
Dow surges amid delight over May jobs figures

Wall Street

THE RACERLY awaited May employment figures delighted both bond and equity investors on Wall Street and pushed stock prices to new post-crash highs, writes Anatole Kaletsky in New York.

By 2 pm the Dow Jones Industrial Average was 20.95 up to 2,511.58, well above its post-crash closing high of 2,502.62 in early May, although still somewhat below its intraday high of around 2,520. The Labor Department's figures showed much smaller than expected growth of only 101,000 in total employment in May. This modest rate of job creation compared with expectations of around 200,000 strongly reinforced the market's view that a relaxation of the Federal Reserve's monetary policy was in the offing. Although the weak May employment growth was partly a mirror image of a sharp upward revision in the April figures, analysts saw other reasons for cheer in the figures on wages, working hours and overtime, all of which suggested that inflationary pressures in the US economy were subsiding.

The bond market reacted enthusiastically, raising prices to the highest level since the point within minutes of the Labor Department's announcement. By lunchtime, the Treasury's benchmark long bond was trading at 104 1/4, up 1/4. Money market rates, however, remained almost unchanged and sent an ambiguous signal to dealers through its open market operations. The Fed drained reserves through matched sales when Federal Funds were trading at 9 1/4 per cent. The move was judged to have purely technical significance, however, and many analysts continued to speculate that Fed funds would move decisively below 9 1/4 per cent early next week. A move below this level would probably create the conditions for a cut in the commercial banks' prime rates, they added. Stock prices rose steadily

across the board, with blue chips and financial issues performing particularly well as institutions which had been sceptical about the recent rally pulled into the market. Citicorp rose 3/4 to 83 3/4 and JP Morgan advanced 1 1/4 to 42 1/4, in response to the hopes of lower interest rates.

The day's busiest trading was in Texaco shares, as Solomon Brothers, Shearman & Sterling and Goldman Sachs continued to place the huge block of 42m shares they had purchased on Thursday from Mr Carl Icahn. The shares advanced by 3/4 to 49 3/4, yielding 4 1/2% to investors who had bought at 43. A dividend of \$1.25 was expected in August. The second busiest issue was USX, another big tech holding. On Thursday, there had been speculation that Mr Icahn might use the \$2m proceeds to buy back shares. The bid for USX, and yesterday the shares rose a further 3/4 to 38 1/4. Williams Companies, another energy business in which Mr Icahn has a big holding, declined 1/4 to 38 1/4. The day's most significant loser was Sun Microsystems, the rapidly growing microcomputer manufacturer, which forecast disappointing earnings on Thursday night. The shares fell back another 1 1/4 to 19 1/4. The NASDAQ composite index rose 1 1/4 to 1,419.71, with shares prices reaching their fourth consecutive high for the year and turnover remaining active.

Having shaken off concerns about inflation and interest rates, investors have spent the week focusing on optimistic economic and corporate news and the market has risen by 3 per cent. Yesterday's easier dollar added to the sense of relief.

The FAZ closed 4.94 higher at 333.20 and the DAX rose 6.71 to 1,419.71. Volume was DM5.24bn, in keeping with the busy tone this week though below Tuesday's peak of DM7.6bn, and there were suggestions that some investors might have been switching out of the UK.

Construction stocks continued to be a focus, with Holzmann jumping DM60, or 8.9 per cent, to DM90 amid persistent enthusiasm for the company's potential asset value.

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A blue chip rally propelled individual stocks sharply higher. Ciba-Geigy bearers surged SF230, or 6.3 per cent, to SF239, and Sandoz gained SF300 to SF310.90 and Brown Boveri rose SF755 to SF740.10. The Credit Suisse Composite index rose 2.83 to 612.19, up 1.4 per cent on the week, in moderately active trading worth an estimated L180bn.

Generali gained L150 to L40,000, rising to L40,150 after approval by British authorities. Its free B shares rose SKr5 to SKr272. COPENHAGEN was boosted by a surprisingly large DKr1.5bn April trade surplus which pushed the Danish share index past the previous high of 310.64 during the day.

MADRID had a lethargic day, with the general index losing 2.01 to 310.35 to end the week little changed. Banks and electricals suffered, but some construction stocks rose. STOKHOLM ended slightly higher in moderate trade. The Affarsvärlden index rose 3.6 to 1,178.9 in turnover of SKr306m.

All the Scandinavian markets seem to be suffering from an attack of the early summer blues. The main feature was the introduction of an automated trading system, but only 13 stocks can as yet be traded.

Astra shares climbed sharply on news that the company's ulcer medicine Losec had been approved by British authorities. Its free B shares rose SKr5 to SKr272.

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Italy sticks in doldrums as foreigners look elsewhere

The fundamentals that once drove the Milan bourse are no longer present, writes Alan Friedman

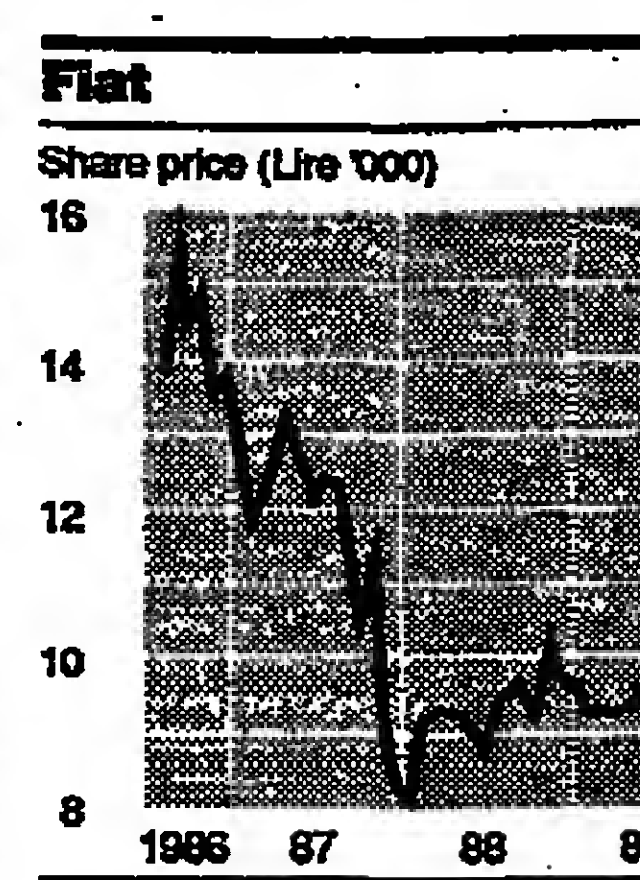
THERE used to be a time, not so very long ago, when the mere mention of Italian equities brought a contented twinkle to the eyes of fund managers and analysts from London to Wall Street. But the Milan bourse has been adrift for many months now, since the start of this year, the two main share indices - the BCI and MIB - have risen by a paltry 2.7 per cent. There is much apathy and little fresh liquidity in the market.

Unit trusts, once the locomotive of the boom, have been suffering from chronic redemptions and their total funds of L48,200bn (\$33.5bn) are 12 per cent less than a year ago. Special situations do exist among some second-tier stocks and in sectors such as banking and telecommunications but for foreign investors, Milan is largely out of favour.

Mr Urbano Aleotti, a senior broker in Milan, points out that his own Abatè index of leading blue chips has underperformed the market average by 4 per cent since January. Like others he bemoans the beating that insurance stocks have taken; this phenomenon,

which includes Generali, the market leader, reflects the widely held view that Italian insurance shares have been overbought and overvalued. Put simply, the fundamentals that were once driving the Milan bourse - the novelty of high corporate profits, a flood of mutual fund liquidity into the market, heavy foreign investment and the perception of political stability under Mr Bettino Craxi - are no longer present. But there are still to be seen the embarrassment of Italian brokers, the Spaniards have managed to introduce electronic trading before Milan. And the French have begun getting serious about giving some regulatory powers to the Commission des Opérations de Bourse (COB), while Italy's Consob regulatory authority is criticised as weak and inefficient.

The attempts by some of Italy's most sparkling names, such as Benetton and Fiat, to attract the interest of American investors by way of listing ADRs on Wall Street, are meeting with an indifferent response. Benetton has yet to list, but scepticism about the



Share price (Lire 000) Fiat 1986 87 88 89

clothing company's performance is palpable. Fiat is another story, and indeed this week the Turin-based car maker dominated Milan with record net profits of more than L3,000bn and the announcement of plans for a L1,000bn share buy-back. The buy-back, in theory, should take some of the pressure off the stock, which has lost 40 per cent since the 1986 sale by Libya of its 15 per cent stake. Italian funds and many bank underwriters that bought Fiat

at the top have been full up with shares. The problem, say analysts, is one of excess supply.

Deutsche Bank suffered a fiasco in its placing of \$2m of ex-Libyan shares and now considers its own 2.6 per cent stake a "permanent participation." Thus the buy-back should have brought cheer to the bourse. But the Fiat share price has moved little since Tuesday's announcement. "This at first glance seems odd because Fiat is, as one banker put it, a "cash flow machine that can be expected to produce excellent figures this year and next."

So why is Fiat's share price in the doldrums? Mr Paolo Azzi, of Studio Albertini in Milan, says that uncertainty about the European car market is holding investors back. Mr Ed Catin of SIGE, the investment bank, says: "The big strategic problem for Fiat is that the Japanese will come in 1992" although he recommends the stock for a year or two. In London, Mr Roberto Moccia, motors analyst at County NatWest, says that, while Fiat has been the most successful

car maker in Europe at reducing costs and improving market position, "it is difficult to see what more good news can come." He also notes that the Fiat strategy of diversification differs from the plans of Peugeot or Volkswagen, which are concentrating on their core car business. He thinks Fiat would do better investing in improving its position in France, West Germany and the UK than in buying its own shares.

Aside from Fiat, the big story in Milan is undoubtedly in banking. A wave of takeover and merger plans has galvanised interest and this is the sector that has most appealed to foreign investors. Credit Lyonnais, with its recent purchase of a key stake in Credito Bergamasco and a partial public offer to minority investors at the same price, has set a welcome example in a market where small shareholders are generally left to rot.

The other sector that is certainly interesting is telecommunications. On Monday the state-owned Stet group will announce, together with Mr Bob Allen, chairman of American Telephone & Telegraph,

the long-awaited partnership and share swap between AT&T and Italtel, the telecoms equipment subsidiary of Stet. Olivetti, which is 22 per cent owned by AT&T, may eventually benefit indirectly from the Italtel deal, but the Italian office automation group is going through a difficult patch in common with other companies in the sector, such as IBM, Apple and Hewlett-Packard.

Brokers in Milan and analysts in London share the view that little excitement can be expected from Milan over the next six months. On the other hand, they stress that close followers of the Italian stock exchange should be able to find a variety of special situations in sectors from foods to chemicals. One example is the coming flotation of 20 per cent of Enimont, the new chemicals company jointly owned by Montedison and ENI. This is likely to raise L1,000bn from Italian and foreign investors and should happen this summer.

Milan is a market that for the time being offers opportunities on a highly selective basis. One of the cognoscenti.

EUROPE

Chirpy bourses reach high note as strong week ends

A STRONG week in Europe closed on a high note, with all the leading markets moving up briskly in active trading, writes Our Markets Staff.

FRANKFURT ended a flamboyant week in suitable style, with share prices reaching their fourth consecutive high for the year and turnover remaining active.

Having shaken off concerns about inflation and interest rates, investors have spent the week focusing on optimistic economic and corporate news and the market has risen by 3 per cent. Yesterday's easier dollar added to the sense of relief.

The FAZ closed 4.94 higher at 333.20 and the DAX rose 6.71 to 1,419.71. Volume was DM5.24bn, in keeping with the busy tone this week though below Tuesday's peak of DM7.6bn, and there were suggestions that some investors might have been switching out of the UK.

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ASIA PACIFIC

Nikkei slumps as sellers ignore good news

Tokyo

AN IMPROVEMENT in the external environment failed to inspire much enthusiasm yesterday, and share prices plunged as investors took profits on a broad-based selling spree, writes Michiko Nakamoto in Tokyo. After rising on an initial spurt of buying early in the day, the Nikkei average headed downwards and continued in that direction to the end of the session, losing 113.58 to finish at 33,677.42, a fall of 1 1/4 per cent on the week. The high for the day was 34,065.42 while the low was 33,627.97.

Declines outnumbered advances by 614 to 389 while 172 issues were unchanged. Turnover fell substantially to 913m shares against 1.82bn traded on Thursday. The Topix index of all listed shares lost 16.65 to 2,501.56 and in London the ISE/Nikkei 50 index fell 3.30 to 1,598.36. The names of a new Prime Minister and the return of

some stability to the currency markets should have been good news for the market. Instead, they were hardly noticed by investors.

The high prices of domestic demand-related issues and their consequent slim prospects for further gains led investors to dump them in favour of issues with good earnings results, particularly those in high-technology industries.

Analysts were divided over the reasons behind recent trends. The theme and investment stances are shifting, said Mr Makoto Matsuzaki at Goldman Sachs, who felt that the change in itself was an indication of the market's confusion.

Mr Hiroshi Taguchi at Nomura Securities, however, denied that there had been any change of direction in the company's view of the market. Mr Taguchi felt that investors preferred to wait for the July elections to the Upper House of the Diet before committing themselves. Among rises, Amada, a lead-

ing. The All Ordinaries index closed 1.1 lower at 1,524.8, after dropping more than 14 points during the session. The index was lower over the week as a whole. Turnover yesterday was 87m shares worth A\$190m.

HONG KONG managed a small rebound from early losses to end only mildly weaker on the day, although the recovery was seen as technical rather than a reflection of a fundamental change in sentiment.

The Hang Seng index fell 14.6 to 2,675.38 in volume worth HK\$1.4bn compared with HK\$1.2bn the previous day. The index has shed a further 3 per cent this week, leaving it about 18 per cent down on the past two weeks.

SINGAPORE continued to be active as institutions and small investors went buying again. The Straits Times industrial index rose 12.27 to 1,305.21 - a rise over the week of 2.8 per cent. Turnover picked up further to 82m shares, from Thursday's 78m.

IN A mixed day in Asia Pacific markets, Australia and Hong Kong partially recovered early losses, while Singapore was strong. AUSTRALIA recovered from its lows to close slightly down. Early selling was triggered by the defeat of the Government's proposal for a 15 per cent tax on superannuation fund earn-

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday June 1 1989, and Wednesday May 31 1989. Rows include Australia, Austria, Belgium, Canada, Denmark, Germany, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, North Ex. Japan, World Ex. US, World Ex. UK, World Ex. SA, World Ex. Japan, and World Index.

Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987. Latest prices were unavailable for this edition. CONSENT CHANGES (JUNE 2): Deletions: Weston (G); Foods (Australia) and Cadneth Corp. (USA). Late notification of a rights issue and an incorrect price received from source has made it necessary to recalculate the Austrian and related regional indices back to 29/5/89. Corrected daily indices are available from FT Prices; Tel: London (01) 873 4400.

Financial Times Guides to Investment & Financial Planning

Advertisement for Financial Times Guides. Includes sections for: FT Guide to Unit Trusts, Investor's Guide to the Stockmarket, FT Guide to Investment Trusts, Private Investor's Ledger, FT Guide to Alternative Investments, and Investing for Beginners. Each section includes a brief description of the guide and its price.

LONDON STOCK EXCHANGE

Late rally as trading account closes

A HIGHLY volatile session in the UK securities markets saw equities struggle back above the FT-SE 2,100 mark in late trading as attention shifted between reports of planned changes in the operation of UK monetary policy and the prospects for lower interest rates in the US.

The early slide, which took the FT-SE index down 23 points to 2080.5, was accentuated when another UK house tried to place lines of stock taken aboard as part of a trading programme earlier in the week.

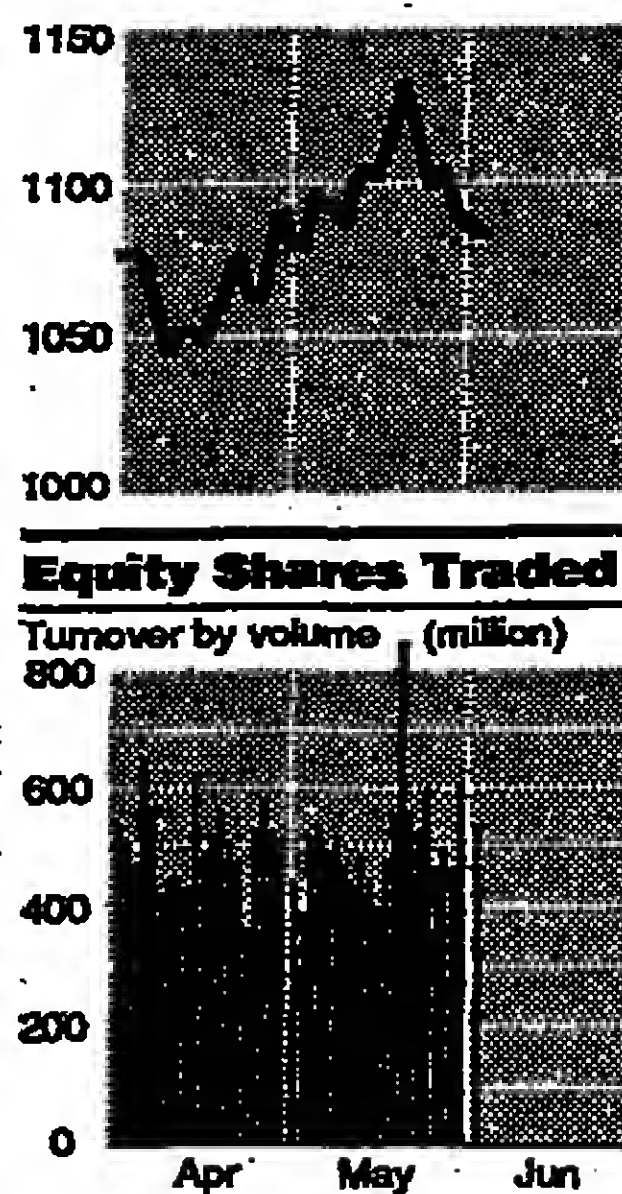
The setback of the past fortnight has reflected an abrupt turnaround in London market views on domestic interest rates, driven home as UK base rates were raised by a further point to 14 per cent without stemming a slide in sterling.

Pearl stake hints

Pearl Assurance shares were among the market's best performers yesterday after news that Australian Mutuals Pearl Assurance (AMP), the Australian insurance group, had bought the 13.2 per cent built up over the past few months by its fellow down-under group FAI Insurance.

Per cent of trading profits came from North America, and that excludes Farmers Group. He said that with Farmers the proportion would rise to more than 20 per cent.

FT-A All-Share Index



full of hints that news of a sizeable property disposal is imminent. Wimpey drifted off 4 to 275p on 2.4m with dealers still taking the view that Thursday's big activity had represented the sale of around half the stake previously held by the Australian group FAI.

come, whose key product is Retrovir, its anti-Aids drug. Mr Ian Moore, analyst at UBS Phillips & Drew, recommends buying the stock in the 430p area.

active to the market, and finally a fraction up on balance at 175 1/2p. Dealers said there were a couple of buy recommendations around for Gas which had booked turnover to a good 10m shares; "they've had a bad time of it recently, they're probably due a small rally," said one trader who pointed out that the group's preliminary figures are due next Tuesday.

BAT in demand

BAT Industries continued to climb on US interest and widely mentioned upwards valuation of the company of \$20 a share, said to have been suggested by Goldman Sachs. UK dealers quickly gave their own break-up estimates; they varied between 29 and the US figure, which at a sterling equivalent came in around 212.50.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors like Airlines, Banks, Chemicals, etc.

RISES AND FALLS

Table showing rises and falls in various market indices like British Funds, Corp. Bond, Foreign Bonds, etc.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday June 1 for various sectors like Agencies, Transport, Engineering, etc.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, and Australia.

COMMODITIES

WEEK IN THE MARKETS

Prodigal son returns to the LME

THE LONDON Metal Exchange this week celebrated the return of its prodigal son. Three-and-a-half years after the collapse of the International Commodity Exchange, the European market had led to the suspension of LME trading in tin, a revamped contract - with a higher grade and a dollar quotation - made its long-awaited appearance of Thursday.

tract would not be required until July 5. Neither did traders seem to have any concern about the apparent scarcity of stocks. As world prices for the metal staged a sizeable rally following the recent shake-out, that day turnover in the LME contract reached a bigger-than-expected 2,975 tonnes. Yesterday's figure was more modest, however, at 670 tonnes.

the special high grade cash price dropped \$190 to \$1,585 a tonne. Copper fared little better during the latter part of the week, but thanks to a \$100 rise on Tuesday - reflecting an unexpectedly large fall in LME warehouse stocks - its overall decline was only \$24 to \$1,878 a tonne for cash metal. Shell, that was the lowest closing level since last October.

A pin-point of light appeared at the end of the tunnel on Thursday, however, when it was announced that the US next week, after all attending next week's talks. "We fell we might as well continue these discussions," said Mr Jon Rosenbaum, an official at the office of the US Trade Representative. Earlier Mr Rosenbaum had said he would not attend the talks unless there were significant signs of progress on meeting US objections to the current arrangement.

APPOINTMENTS

PILKINGTON has appointed Mr David Roberts as chief executive of the newly-formed CONTAINER HOLDINGS, which is chairman of Pilkington Visioncare. He is succeeded as chief executive by Mr John Heine at Visioncare's California headquarters.

FINANCIAL TIMES STOCK INDICES table with columns for Jun, May, Year, High, Low, 1989, Since Completion.

S.E. ACTIVITY table with columns for Indices, Jun 1, May 31.

London Report and latest Share Index; Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for major stocks like Anglo, BHP, British Steel, etc.

Marketmakers were caught short in BET as the market recovered in the late afternoon, leaving the shares 18 ahead to 283p.

Other market statistics, including the FT-Actuaries Share Index, Page 9

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2126

AUTHORISED UNIT TRUSTS

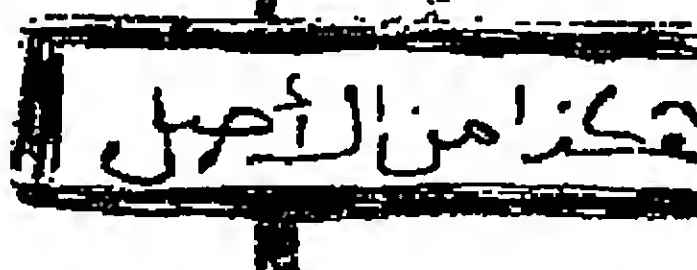
Main table containing unit trust information with columns for Unit Name, Unit Price, and other details. Includes sub-sections like 'Global Asset Management (1200IF)', 'Equity & Law Unit Trusts (1200IF)', and 'Global Asset Management (1200IF)'.

INITIAL CHARGES
These charges for the purchase, administration and other costs which have to be paid by new purchasers. These charges are included in the price when the customer has...

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Main table containing unit trust information with columns for Name, Price, and other details. Includes sections for MANAGEMENT SERVICES, OFFSHORE AND OVERSEAS, GUERNSEY (SIB RECOGNISED), LUXEMBOURG (SIB RECOGNISED), and JERSEY (**).



FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts and funds, including their names, managers, and performance metrics. Categories include British Funds, International Funds, and Offshore Funds.

LONDON SHARE SERVICE

Table listing various share services and funds, including their names, managers, and performance metrics. Categories include British Funds, Commonwealth & African Loans, Foreign Bonds & Rails, and Money Market Bank Accounts.

Money Market Trust Funds

Table listing Money Market Trust Funds, including their names, managers, and performance metrics.

LONDON SHARE SERVICE

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AMERICANS - Contd

Table listing American companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

BUILDING, TIMBER, ROADS - Contd

Table listing companies in the Building, Timber, and Roads sectors with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

DRAPERY AND STORES - Contd

Table listing companies in the Drapery and Stores sectors with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

ENGINEERING

Table listing engineering companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

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CANADIANS

Table listing Canadian companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

ELECTRICALS

Table listing electrical companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

HOTELS AND CATERERS

Table listing hotels and caterers companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

INSURANCES

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INDUSTRIALS (Miscel.)

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BANKS, HP & LEASING

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CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

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INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, Yld, P/E, and Volume.

Weekend FT

SECTION II

Weekend June 3/June 4, 1989

A new dynasty from the heart of Texas

Peter Riddell on how the good ol' boys from Houston rode all the way to the White House

"Texans are America's Americans. They think big and work hard to make big things happen. Texas is as much a state of mind as a place. George Bush may not have been born in Texas, but he is a Texan." Senator Phil Gramm.

LAST WINTER three prominent members of the most exclusive country club in Houston - no photographers and definitely no press allowed - told friends that, unfortunately, they would no longer be able to spend as much time there as they would like. They would be in Washington for the next few years. One was going to become President of the United States, another Secretary of State, and the third Commerce Secretary.

The three - George Bush, James Baker and Robert Moshbacher - have been close friends for 30 years, as well as business partners in a company which leases liquid petroleum barges in the Gulf of Mexico. With Lamo Cavazos, the Education Secretary, they form the largest Texan contingent in any administration.

There would have been a fifth but for the rejection by the Senate of John Tower as Defence Secretary.

This group - plus many more Texans at a lower level in the White House and throughout the administration - fully matches Lyndon Johnson's Texas mafia of the mid-to-late 1960s and exceeds the California network surrounding former President Ronald Reagan.

When coupled with the power of Texans in the Democratic leadership of Congress, it is no wonder that one aggrieved Midwestern politician recently remarked that there were three parties in Washington - Republicans, Democrats, and Texans. And he knew which was the most powerful.

The strong Texan favour to the administration is all the more remarkable since a generation ago the Republican Party hardly existed in the state. It was dominated then, as it had been since the American Civil War, by Democrats. Senator Phil Gramm - of the Gramm-Rudman deficit reduction law - recalls that the only Republican before him to win his home county in central Texas was a candidate opposing a Democrat who had been indicted, sentenced and imprisoned during the election campaign. And it was still a close race. In most of the major counties voters would not be claiming he elected Wyatt Earp if he had been a Republican.

Yet, in many respects, Texas epitomises Republican pro-business, patriotic values. According to Gramm, a clever and acerbic former economics professor with a folksy drawl, Texas thinks big. And, though the senator does not say so, what things go

wrong they do so spectacularly, as when the oil boom went bust in the mid-1980s. And, more recently, Texans watched the collapse of many savings and loan institutions. Such is the resilience of the state that these problems are quickly brushed aside. It is possible again to sell \$20,000 tables for charity balls.

Houston - the Texas home of the Bush, Baker, Moshbacher set - represents capitalism and rugged individualism at their most unconstrained. It must be the last big city in the developed world with no zoning laws to provide overall planning guidelines. Proposals for such laws have been regularly rejected as socialist and un-American. The result is a sprawling city with a wide range of buildings, some inspiring, some ugly. The great American architect Philip Johnson has said: "I like Houston. It's the last great 19th-century city. Houston has a spirit about it that is truly American, an optimism. People there aren't afraid to try something new."

David McComb, the city's historian, has noted the pervasive conservatism of the 19th-century robber baron - exploitative, laissez-faire, and at times generous in philanthropy. He notes he in the Southern heritage of the town, the expansive, opportunistic nature of the area, and the strong business orientation of the economy. It gives to the people a certain bold, reckless, stubborn, independent, and sometimes lawless, attitude which means that the conservatism both helps and hinders the development of the city.

The Democrats ruled supreme until the 1960s. There was a cosy relationship between business leaders like Jesse Jones and George B. Brown, the founder of the Brown and Root construction group, and Democratic politicians. When they came together in suits at the Lamar Hotel in Houston, local - and national - policy was decided.

For all the independent-mindedness of the state it has always looked to Washington for contracts. Hence, it was not entirely coincidental that the manned space programme was sited south-west of the city when a local congressman chaired the relevant appropriations committee and when Vice-President Lyndon Johnson ran the National Space Council. Brown and Root did well out of that and out of military construction work during the Vietnam War.

Another Republican pioneer was a certain George Bush. While a longstanding ally of Tower - a debt of loyalty Bush sought to repay by putting his name forward for the Pentagon - they were never close friends. Nor was Bush a protégé of Tower. He always had an independent local base. Bush is, of course, an adopted Texan, as he was born and educated in

New England. To some he is a carpathager - a displaced preppie.

Yet pride in the second Texas president is the dominant view. One of Bush's early campaign themes was "a Texan by choice, not by chance." Unlike the Johnson-era Texans, who were defensive about their background, Bush and his friends flaunt their home state. A favorite hobby is pitching horseshoes. "Texas," he recently said, "certainly stands tall in the heart of this president."

Like fellow north-easterner Robert Moshbacher, Bush came to Texas in 1948 and spent most of the following 20 years in the oil business. Only James Baker, known locally as Jimmy, comes from a local family, pillars of the Houston legal and banking establishment. But Baker was also educated in the north east - at Princeton as opposed to Bush's Yale. As one delightful Houston grand dame, a self-styled steel magnolia - the widow of an oil wildcatter - remarked: "Old Money in Houston has always sent its boys east to school and college."

Bush and Moshbacher fitted easily in this Old Money world. Fashionable Houston provides many similarities with the familiar image of the Dallas television social, with men in suits by hats and beautifully dressed and outfitted women in the most fashionable shops, this side of Manhattan. But Bush, Baker and Moshbacher were more discreet. Their world was of hard work, private country clubs and quiet charitable work, avoiding ostentation.

Moshbacher believes that there were only three times in his life it was proper to have one's name in a newspaper: birth, marriage and death.

Public service was also a natural part of their lives. George Bush was by background a Republican - his father served two terms in the Senate for Connecticut. The younger Bush was never to have appealing for good government against vested interests.

John Knaggs, later a long-serving Republican political consultant and then a UPI reporter, recalls when George Bush came into the press room at the State



Illustration: Chris Duggan

But even that profoundly conservative body thought this somewhat excessive and, instead, decided that the appropriate punishment was 20 years in prison and a \$20,000 fine.

There were always some mavericks - notably Hugh Roy Cullen, a big fan of Senator McCarthy. In his desire to drive out Reds, Cullen personally financed a new school textbook for Houston which stated as a fact that the State Department had given China to Mao and had tricked the US into the Korean War. Yet Cullen was a noted philanthropist, giving away most of his vast fortune.

Republicans were challengers to the established order, assisted by fending between conservative and liberal Democrats and by the growing disenchantment of Texan businessmen with the policies of

"There are now three parties in Washington: Republicans, Democrats, and Texans"

the Kennedy and Johnson administrations. The first breakthrough came when John Tower won the special election to succeed Lyndon Johnson in the Senate. But in his near 24-year career in that body, Tower always had to fight hard to be elected. The Republicans did not establish any depth in the state until the late 1970s and 1980s. They now account for roughly a third of state and Congressional representatives.

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John Knaggs, later a long-serving Republican political consultant and then a UPI reporter, recalls when George Bush came into the press room at the State

Capitol at Austin in September 1983 to declare for the Senate race in the following year. "It was all so different, so casual in those days. There was no entourage." Bush impressed with "an open, refreshing personality and a dedication to public service." But 1984, the year of Lyndon Johnson's presidential triumph, was not to be Bush's. After two terms in the House of Representatives, he lost a further run for the Senate in 1970.

This second defeat stung Bush. As Knaggs says, the political door in Texas had shut on him and he had to follow his public career elsewhere. James Baker has only once sought elective office - in an awkward, unsuccessful run to be attorney general of Texas in 1978. He has climbed the appointed ladder. Until now Moshbacher has been mainly a fundraiser, recently complaining with more honesty than tact that not enough donors to last year's presidential campaign had been given jobs in the administration.

"Old Money values have a particular Texan twist. They are in favour of business - with more than a nod in the direction of oil and banking; against gun control (both Bush and Baker are hunters); for strong defence; against high taxes and "pro-life" on the abortion issue. John Knaggs reports in his book, *The Farrey Texas*, how Bush has presented a consistently conservative message, though he supported black and other civil rights in the 1960s when that was by no means common in Houston.

For a long time Texas Republicanism was mainly urban - the "oil money" of Houston/Dallas brand. This has changed under Phil Gramm. Initially a Democrat, he was one of the leading Boll Weevils, the southern Democrats who backed President Reagan's tax cuts in the early 1980s. Then in 1988 he changed party, resigned his House seat, won re-election as a Republican and succeeded John Tower in the Senate in 1984. A self-styled blue-collar or red-neck Republican, Gramm pitches his appeal at working people.

Gramm is subtly different from the Bush set. As a close student of economics

he draws a distinction between being pro-free enterprise and pro-business. He is fully aware of Adam Smith's warnings about the dangers of businessmen combining together. Gramm is a strong believer in competition and free trade, making himself unpopular with the sizeable Texan textile interests when he opposed a protectionist bill which would have helped that sector. And he notes a wave of xenophobic protectionism in Texas.

Talk by Robert Moshbacher and others about Government/industry partnerships worries Gramm. "It would be as if we were imitating the Soviets, rather than the other way round." He thought these comments might reflect the views of some of Moshbacher's friends and people in business. As we talked in Gramm's Senate office, Moshbacher phoned to discuss a date for a fund-raising evening for \$5,000-plus contributors. Gramm told the Commerce Secretary that his latest speeches were "moving in the right direction," away from industrial policy.

Gramm - described by one Democrat friend as "smart and meaner than a junkyard dog" - is best known for his budgetary initiatives. While accepting that the famous Gramm-Rudman deficit reduction plan has flaws, with the targets regularly exceeded, he claims as a big advance the fact that the Federal Government has become smaller relative to the private sector.

Yet, while Gramm opposes expensive programmes, he believes in Texas getting its share - and more - of what is spent. Similarly, George Bayoud, the Governor's Chief of Staff in Austin, notes the number of close connections which the state enjoys in Washington. A phone call to the White House will be answered by a friend and a problem listened to sympathetically.

With all the fervor after the Alaskan oil spill, Texans feel sure that the Bush administration will not do anything to harm the many small oil producers in the state - who have already been assisted by the Budget. For Texans, the oil depletion allowance, a tax break for oil producers, is second only to football in the list of basic beliefs.

Yet for all the talk about free enterprise values and hatred of government intervention there, some would say hypocrisy, about the Texan outlook. Washington matters far more than Texan matters like to pretend. The state is heavily dependent on Federal money - for its many military bases, for reviving the fortunes of the space centre in Houston, for funding the new super collider atom smasher project and, most recently, for rescuing the savings and loans industry.

As important as the White House in funding these projects are Democratic leaders from the state in Congress. While Texas has lost one powerful voice with the exit of House Speaker Jim Wright, the state still has three chairmen of powerful House committees - agriculture, judiciary and banking.

Over in the Senate Lloyd Bentsen, who defeated George Bush in 1970, has enhanced his position after his unsuccessful vice-presidential candidacy last year. As chairman of the Senate Finance Committee he deals with tax, trade and international debt issues - never to be forgotten with debt-ridden Mexico just to the south.

While George Bush may have helped make Texas fashionable again in Washington with Tex-Mex food and a black-tie-and-boots party, it is these Democratic leaders who provide the state's continuing influence. They follow the advice of Sam Rayburn, the legendary House Speaker and mentor of Lyndon Johnson, who preached: "Pick 'em right, elect 'em young and keep 'em there."

The Long View

You can learn to love your mortgage

AN ENGLISHMAN'S home might be his castle but, in the past few months, a Scotsman's mortgage has apparently been a better investment. That is probably, however, no more than a temporary sign of a change of trend. There is no need to move to an executive estate in Anchertermucky.

The slowdown in the house price spiral is welcome to many. It marks, you might say, an abatement of the economic oppression of the younger generation by the older age-groups. House prices are bid up when the properties are bought by the older generation. The older generation protects its gains by its control of the planning mechanism: because of the inadequacy of supply of new homes, prices have shot up even in rural areas where land is plentiful.

There is a double effect because the transfer process is financed by loans, the interest on which, at the risk of slight over-simplification, again amounts to a payment from yuppies to wrinkles. The nominal rate of interest has shot up over the past year and could go higher still. However, a kind of economic revenge is available in the shape of inflation. If their standard of living is squeezed intolerably, people in their 20s and 30s will press successfully for offsetting pay increases. Then, those retired rentiers in Eastbourne had better watch out.

In spite of the burdens it imposes, you can learn to love your mortgage. Recently, I had

lunch with one of the newer breed of lenders who, at one stage, referred to a mortgage as an asset. When I observed that it was actually a liability, he agreed that I was correct formally - but it was a ticket to the acquisition of wealth.

Perhaps I am out of date, but in America householders were supposed to throw mortgage payments when finally they managed to release themselves from the dreadful "dead pledge." But in the UK, millions of people continue to let mortgages run on when they could afford to pay them off. This might be a question of wanting to grab whatever interest tax relief is available, or it might just be inertia. It could also reflect uncertainty about what to do with the deeds if they were ever to come through the letterbox. Any future Chancellor of the Exchequer could shrink the money supply simply by giving homeowners an incentive to pay off their mortgages.

With the growth of endowment mortgages not to mention pension mortgages and, potentially, of FRP mortgages - there is also confusion between the loan and the savings plan which is designed to pay it off. A "mortgage" as understood commonly might, therefore, amount to a package of several quite distinct financial products. This could be convenient for the borrower but, more cynically, such bundling arises because the lenders find it easier to sell products to customers on one of the



Low interest-rate mortgages of several kinds make a lot of sense - but not, however, as ways of borrowing even more money

few occasions in their lifetimes - buying a house - when they venture vulnerably within the walls of a financial institution.

Notoriously large - but

mostly hidden - commissions are payable on mortgage contracts. At one stage, the tax reliefs on life assurance premiums gave some justification for structuring business in this way. But when young borrowers are facing crippling monthly outgoings to service their debt, there seems a little sense in requiring them to commit themselves to regular savings instalments at this stage of their financial careers. Yet, some 86 per cent are persuaded to do so, according to building society figures.

A much greater priority should be given to smoothing out the real burden of payments. As I have said, inflation is a mechanism by which the borrowing classes can hit back at their usurious tormentors. But the effect is delayed. Very high nominal interest rates - at present, of 13 1/2 per cent or so - lead to heavy servicing costs. Only later does inflation erode the real burden of the debt. The overall effect is a very heavy front-end loading of the repayments in real terms.

In effect, there is a heavy element of capital repayment rather than just servicing costs in the early instalments.

Inflation of 10 per cent will recut the real size of a loan by half in just seven years. Over the past 25 years, inflation has actually averaged 3.7 per cent a year. If you assume the same will happen during the next quarter-century, a £50,000 debt taken out today will shrink in real terms by 88 per cent to

only £5,200 by the year 2014. The life assurance industry has built a vast business on repaying loans when the maturity, when that repayment poses scarcely any difficulties.

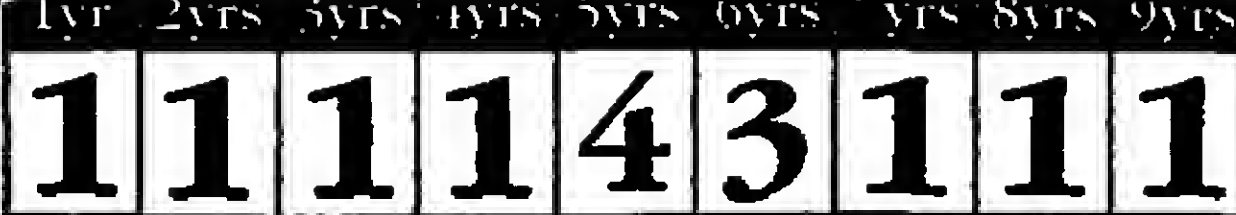
Relatedly, the industry is beginning to focus on the real front-end, rather than the bogus back-end, problem. Nominal rates have been reaching historically high levels: in the mid-1970s, when inflation was much higher than it is now, building society mortgages cost only around 11 per cent. With the cartel busted, lenders want the freedom to raise funds at high rates and maintain their lending volumes. Therefore, they have a stronger incentive to design products which defer some of the initial burden.

Low-start mortgages simply provide for the partial deferral of interest payments, and add them to the capital. Foreign currency-denominated loans use a currency such as the DM, with a modest inflation rate and low nominal interest rates. Index-linked mortgages are based on real interest rates. All of these variations carry the risk that the outstanding balance will rise at a time when house prices could be dropping. But it is only seen as a significant problem because lenders are advancing too high a proportion of the value of housing assets which can fluctuate quite widely in real terms. These more affordable mortgages are ways of borrowing better, not of borrowing more.

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UK MARKETS

LONDON

Not much singing in the rain . . .

THE SUNNY Bank Holiday weekend failed to restore good spirits among equity traders this week and the FT-SE 100 Index headed down below the 2,100 level.

As May's sunshine gave way to June cloud and rain, and another Underground strike snarled up traffic in London, the mood of the markets grew worse. By Friday lunchtime, Footsie had fallen by 7.5 per cent in under a fortnight. Sell in May and go away seemed the sum of worldly wisdom.

So nervous were the markets that a rumour that Nigel Lawson, the Chancellor, was about to resign and be replaced by Nicholas Ridley upset shares two days running. It was not clear whether it was the departure of the former or the arrival of the latter that caused the worries.

This is the kind of rumour - it used to be Ronald Reagan's heart attacks and the dollar that gives traders an excuse to do what they want to do any

way sell. At times during Lawson's six-year Chancellorship he has been hailed as a financial wizard, but for the moment the markets seem to have lost a bit of confidence in his economic policies.

The trade deficit looks here to stay, with Warbury Securities looking for a further deficit of £15bn in 1990 (assuming base rates stay at 14 per cent), compared with the Treasury forecast of £11bn. And few people believe that inflation will peak at the Treasury's forecast of 8.5 per cent.

Base rates seem to have risen far enough to slow down the economy but not far enough to prevent the pound from falling. The sterling index is still languishing just above 92, below the level that prompted last week's base rate rise. This presents the Chancellor with a neat Catch-22.

If he raises interest rates again to support the pound, mortgage rates will rise and

boost the conventional measure of inflation, the RPI. But if he lets the pound fall, he will import inflation via the higher cost of imports.

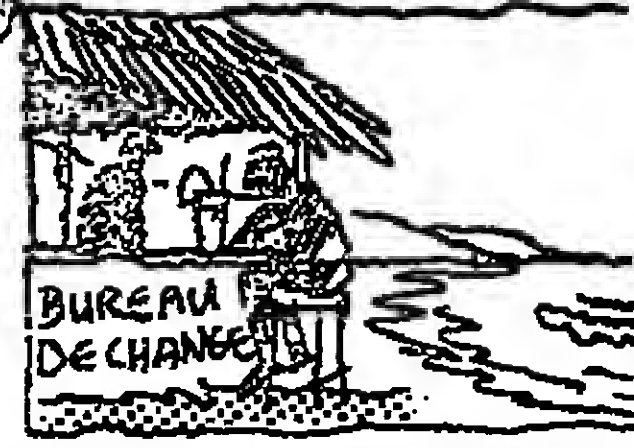
Although Japan increased its short-term interest rates by three-quarters of a per cent this week, the West Germans decided to leave rates stable, giving the pound a brief respite. The US employment figures on Friday also offered the prospect of a weakening in US monetary policy.

The gilt market has been hit by worries over sterling and this week also fell foul of an economic policy debate. Some City commentators have argued that the Chancellor should return to "over-inflating", the practice of issuing more gilts than is necessary to fund the budget deficit or, in current circumstances, buying back fewer gilts than are needed to offset the Government's surplus.

This week, it was said that Treasury officials had been

The best deals for foreign money

The holiday season is upon us, but what's the best route to take when it comes to changing your hard-earned spending money - whether plastic, Eurocheques, travellers cheques or cash? Sara Webb examines the many options and deals now on offer for the modern tourist. Page III



Cold comfort for British Gas

Results Due: The mild winter has knocked a hole in the fortunes of British Gas, with analysts expecting a net income of around £850m compared with £816m in financial 1988. Results are also expected next week from Powell Duffryn, Reed International, J. Rothschild Holdings, and Thorn EMI among others. Page IV

Go green for investment

With the spotlight on the environment - whether because of dying seals, the hole in the ozone layer or Mrs Thatcher's sudden conversion to the cause - investors may wonder how they can best take advantage of the "green crusade". Patrick Harverson looks at the companies best placed to take advantage of the new environment consciousness. Page V

Smart punters can beat unit trusts

The unit trust groups are in hot pursuit of new business, but Kevin Goldstein-Jackson remains unimpressed. His advice? Put your money in self-picked shares and show the companies that individuals can do better. Page VI

Of cakes . . . and ale

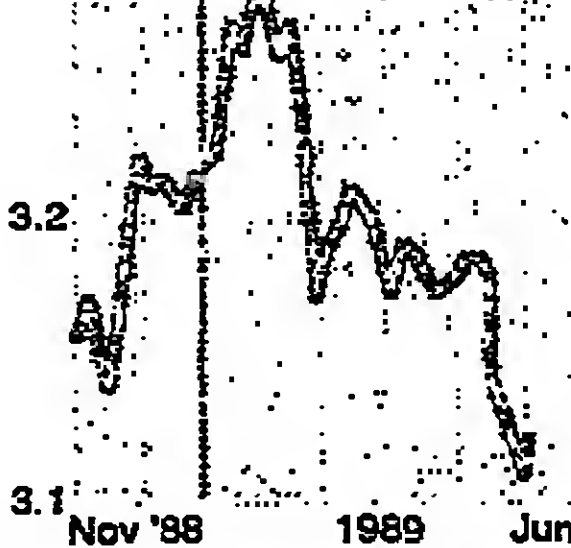
Roy Hodson winds up his series on buying a pub by looking at training schemes for would-be pubicans, and also meets a woman whose "exceedingly good cakes" led to a business opportunity. Page VII

BRIEFCASE: Cut out of father's will: Page VI

Sterling

Against the D-Mark (DM per £)

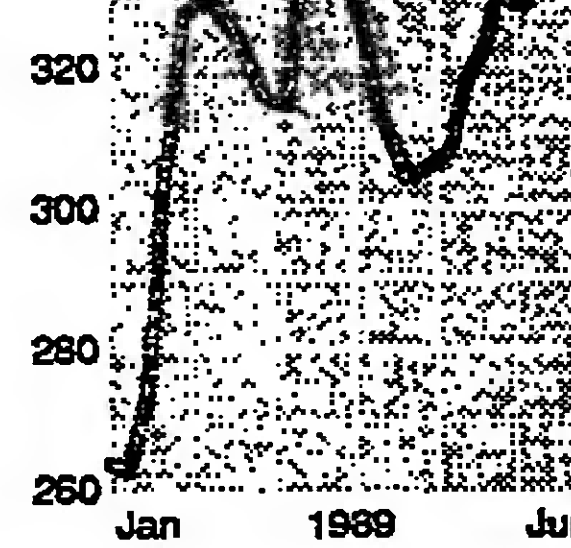
3.3



M & G Group

Share price (pence)

340



Sterling weathers the storm

Sterling managed to weather one of its most difficult periods this week after it came under intense selling pressure on Tuesday, despite last week's rise in base rates to 14 per cent.

The pound was particularly weak against the D-Mark, although somewhat more stable against the dollar. Over the week the pound lost about 5 pennings against the D-Mark to close at about DM3.11.

Sterling still remains the key to future rises in interest rates but by the end of the week there was discernably less talk about them having to be raised to 15 per cent. Simon Halberton

Profits rise for M&G

Pre-tax profits at M&G, Britain's largest unit trust group, rose by 15.3 per cent to £12.32m in the six months up to the end of March. The group expects full year profits to exceed last year's figure although it admits that investor confidence in the UK remains "fragile".

Even so, the size of unit trust funds under management has increased from £3.53bn to £4.07bn in the half-year, while the number of unitholder accounts rose from 482,621 to 514,475. The unit trust management and related activities increased revenue by nearly 15 per cent to £18.8m. Sara Webb

Married couples' tax break

Married couples could save tax by rearranging how they claim mortgage interest relief when the new system of independent taxation of husbands and wives comes into effect next April. They will be able to elect how to divide the interest relief. For instance, if one person pays tax at 25 per cent and the other at 40 per cent, it will be more advantageous for the higher rate taxpayer to claim the relief if an election is not made, the Inland Revenue simply divides the relief equally between the two (or, if the house is in only one name, that person gets all the relief).

More information about when and how to make an election is contained in a new Revenue leaflet, *Independent Taxation: A Guide to Mortgage Interest Relief for Married Couples (IR89)*, which is free from all tax offices. Richard Waters

Name change for Schroder

NM Schroder Financial Management, the life policy, pensions, and unit trust group, is changing its name to NM Financial Management with effect from next Monday. The Schroder unit trusts were originally part of the Schroder group until 1986, when National Mutual Life Association of Australasia bought up Schroder's life, pensions and unit trust business.

The group has unit trusts in most of the main sectors. Today, NM has funds totalling £1.6bn under management in the UK. S.W

Short-term worries, long-term potential for BT

BT's most challenging task will be to run faster overseas, while growth is held back at home

BT's most challenging task will be to run faster overseas, while growth is held back at home. The company's productivity gains are being offset by a decline in its core telecommunications services.

Furthermore, BT's market seems certain to keep on growing at an underlying rate of 5 per cent a year for many years to come. Communications are integral to the development of sophisticated economies, and we will all be using the phone, fax and other telecommunications services much more in 10 years than we are now.

Set against this is the fact that the Government and OfTel, the telecommunications watchdog, are determined that BT should lose market share to new competitors. Mercury is not the only one of these. BT's mobile communications subsidiary, Cellnet, is already meeting a strong challenge from Racal Telecom.

The Government plans to open up the market for private radio spectrum. Since BT uses vast tracts of the spectrum, it could be in for a hefty bill.

Even more important, perhaps, is the Government's promise to review its duopoly policy, which limits competition on the basic network to BT and Mercury, at the end of next year. Already right-wing think-tanks such as the Institute of Economic Affairs are

calling for more competitors. BT's most challenging task will therefore be to run faster overseas, while growth is being held back at home. In this case, it has a window of opportunity of several years.

One of the advantages of having to cope with the liberalised UK market is that BT should be able to take on the more staid telecommunications operators overseas. While the US "Baby Bell" telecommunications operators are becoming more dynamic, it will be several years before their counterparts on the Continent of Europe follow suit.

BT has flagged three major areas in which it has ambitions to expand internationally: mobile communications; data communications services; and operating networks.

The question is whether it has an adequate strategy for exploiting these opportunities. Is it prepared to be aggressive in entering foreign markets, or will it be afraid to rock the

boat by challenging its erstwhile colleagues in the international telecommunications club? And does it have the entrepreneurial and managerial skills to manage such a diversification?

The evidence so far is mixed. Although BT's top management is naturally cautious, it has made one major foray abroad. In January, it spent \$1.5bn for 22 per cent of McCaw Cellular Communications, a loss-making US mobile phone company.

Analysts are divided on whether this was a brilliant strategic step or a foolish waste of money. However, with authorities on both sides of the Atlantic anxious to see more competition in telecommunications, it seems unlikely that McCaw will ever be able to earn the sort of monopoly profits its largest shareholder clearly hopes for.

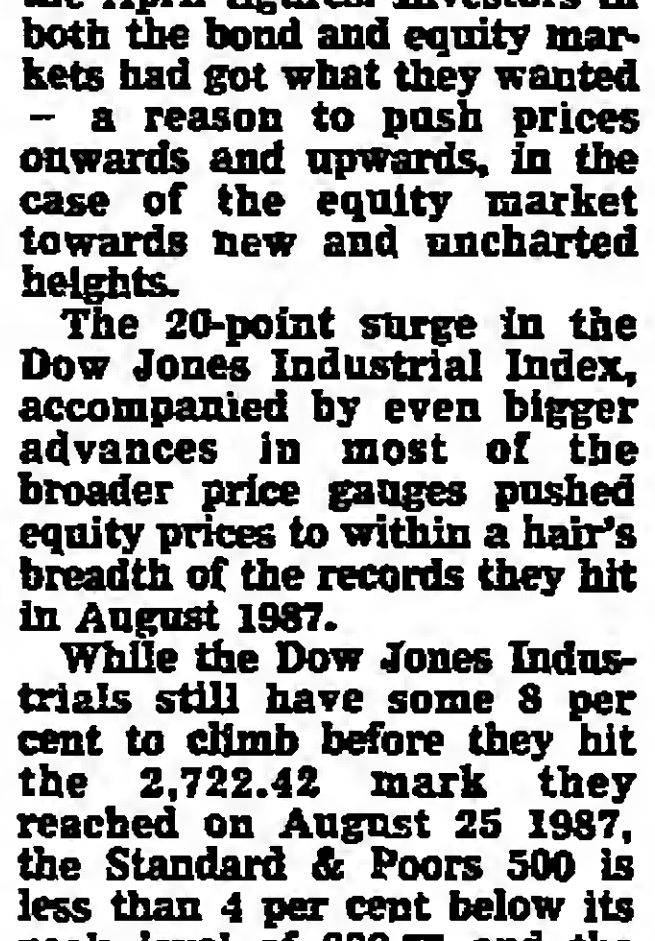
HIGHLIGHTS OF THE WEEK

	Price	Change	1988	1989	
	£/day	on week	High	Low	
FT-SE 100 Index	2102.6	-37.7	2204.7	1782.8	Sterling & interest rate worries.
Acasus & Hutchison	200	-15	245	181	Sharp fall in interim profits.
Anglia Secure Homes	239	-37	460	236	Interim figs. June 6.
BAT Inds.	581	+23	591.5	447	Suggestions of high valuation in US.
Blue Circle Inds.	556	-23	614	419	Interest rate fears.
Euro. Home Products	168	-34	294	167	Chairman's profits warning.
Gateway	205	+8	207.5	157	Glidder Isolates offers 210p a share.
Kingfisher	290	-24	334	234	Brokers downgrade & profit-taking.
Kleen-E-Zs	228	+53	345	175	Overvalued after poor results.
Macdonald Martin A	1870	+60	1870	1335	Full-year profits up 83%.
Magnet	269	-28	313	178	Doubts about MBO.
Racal Elec.	525	+27	525	275	Asset valuation by Goldman Sachs.
Racal Telecom.	490	+38	492	158	Asset valuation by Goldman Sachs.
STC	347	-32	384	261.5	Profit-taking.
Tarmac	319	-20	374	228	Interest rate fears.

WALL STREET

Have the cycles stopped turning? The Dow Jones Industrial Averages have shown a sharp decline, raising questions about the future of the US economy.

Dow Jones Industrial Averages



month longer for the market hit its all-time high and two more months to plunge 1,000 points.

There are a number of suggestive similarities between financial conditions today and in the summer of 1987. Then, as now, bond yields had fallen to around 8 1/2 per cent after hovering for a while around the 9 per cent mark. Then as now, the dollar had strengthened markedly in the months before the market took off - from Y142 in mid-June to a peak Y153 on July 17, the day the Dow first rose above 2,500.

Then as now, the talk on Wall Street was about the volume of money flooding in from foreign investors and over-cautious institutions who had

JUNIOR MARKETS

The long and wound-up road. The junior market has been a rollercoaster ride, with significant volatility in share prices.

The long and wound-up road

AFTER SEVEN long, hard years on the road, Bio-Isolates has finally arrived. The company's long journey has been marked by numerous challenges and setbacks.

On Tuesday, the company, which makes protein from whey, announced its first full year profit. It also revealed that two Japanese food manufacturers, Meiji Milk Products and Nishimui, were investing £2.8m in return for a 22 per cent stake and distribution rights in Japan, the company's leading market.

The deal, which also included a secured loan of £2.32m, might boost the fortunes of its main product, Bipro.

Manufactured from the waste product in cheese-making, this is a taste, fat and cholesterol-free substitute for animal protein. It is used in products ranging from ice cream to protein-reinforced drinks for athletes.

The news sent the shares up 16p to 53p, which for those who experienced the low of 11p in 1987, might seem a healthy sum.

The same, however, would not be true for those who bought shares after the wildly enthusiastic launch in 1982, when the shares veered from a flotation price of 39p to a giddy 425p. Persistent losses, however, rapidly punctured the euphoric mood and the shares rapidly sunk to less than a tenth of their former high.

Perhaps Bio-Isolates deserves credits for its sheer tenacity. Of the other start-up ventures launched in the early 1980s, few have prospered.

A common pattern has been a heavily hyped launch accompanied by over-optimistic projections, then years of pondering which culminate in receivership, a takeover or a radical change of direction.

Perhaps the most ill-fated of these was Hesketh Motorcycles, which was one of the original 11 companies at launch of the USM.

Hailed as the saviour of the UK motorcycle industry, it suffered severe production delays and eventually went into liquidation due to lack of funds.

Another infamous example was Nimble, a company that floated in 1981, capitalised at an astounding £250m. However, it ran into loss when it failed to find a satisfactory market for its 3D camera and processing system. In 1988 it turned for support to Fred Olsen, the Norwegian shipping group.

This relationship led in 1988 to Olsen taking the bulk of Nimble's shares, in return for Oil & Gas Construction, an offshore engineer and tanker owner. The company now calls Fairhaven (and still trying to sell 3D cameras in the US) is now making modest profits.

Another misadventure concerned Xylitz, a manufacturer

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FINANCE & THE FAMILY

Sara Webb suggests using a mixture of cash, plastic and travellers cheques to minimise problems when you go abroad

How to avoid counting the cost of foreign travel

PITY THE poor chap who thought he could pay his hotel bill in Cairo with a Eurocheque, only to have it politely refused by the cashier in spite of the fact that Egypt is supposed to be one of the countries where Eurocheques are accepted. Or the woman who had banked on using her Mastercard to buy all her train tickets while on holiday in Spain and Portugal, only to discover that the card was demagnetised and, therefore, unacceptable to the clerks at the railway office.

If you want to avoid such unexpected jolts to your travel budgeting plans, the best way is to take a mixture of plastic, cash and travellers cheques. But bear in mind the following level of charges and commissions you might have to pay.

Cash. You will need to take some foreign cash with you, especially if you are arriving late at night or at the weekend when all the banks are closed. That way, you avoid the poor exchange rates and exorbitant commissions that many hotels charge their customers for travellers cheques and sterling.

Usually, the best way to buy your foreign currency is at a high street bank in the UK where commissions range between 0.5 to 1 per cent, or at one of the larger building societies.

Barclays charges a commission of 0.5 per cent (maximum charge of £10), while the Halifax charges a 1 per cent commission on foreign currency with a £2.25 minimum charge per currency. The Bank of Scotland levies a 1.5 per cent commission with a minimum charge of £1.50.

Although most of the banks in the City can supply you with foreign currency immediately, you could need to order your currency as much as seven days in advance outside the City.

At any rate, the places to steer clear of are the small exchange boutiques - even if they seem to offer a better rate, they often charge a much higher commission on foreign currency.

Of course, for some countries - particularly in the Eastern Bloc - it is impossible to buy the local currency in advance or there may be restrictions on how much of the local currency you can bring in with you (to check before-hand with the tourist office or the money could be confiscated on arrival).

Normally, the exchange rate for sterling cash abroad is worse than for travellers cheques unless you can make use of the black market in some of the Eastern Bloc countries.

If you are taking a lot of cash with you, make sure that you are covered by your travel insurance policy in case it is stolen. You might find there is a fairly low limit when it comes to cover and, obviously, you won't get much sympathy if you do not take adequate precautions against thieves or leave your valuables unguarded on the beach.

Travellers cheques. The advantage of taking these is that if they are stolen or lost, they can be replaced easily by the leading suppliers while you are still holidaying about as much better. However, you often end up having to pay commissions twice unless you

Your cost of holiday living - summer 1989									
	3 course dinner (per person)	Bottle of wine (one litre)	Cup of coffee	Beer - half litre	Camera Film 36 prints, 35mm	Sun Cream medium size	Taxi (5km dist.)	Car Hire (1 week)	Petrol (20 litres)
Algarve	£ 8.00	£ 1.20	£ 0.40	£ 0.50	£ 4.00	£ 2.80	£ 2.00	£ 116.50	£ 9.00
Madeira	£ 5.50	£ 2.50	£ 0.30	£ 0.45	£ 3.50	£ 1.85	£ 2.60	£ 131.00	£ 8.94
Corfu	£ 8.00	£ 2.00	£ 0.60	£ 0.80	£ 4.00	£ 1.50	£ 3.50	£ 180.00	£ 5.50
Kos	£ 5/9	£ 1.80	£ 0.55	£ 0.91	£ 3.00	£ 2.90	£ 1.00	£ 238.00	£ 5.60
Cyprus	£ 4.87	£ 1.20	£ 0.50	£ 0.60	£ 3.85	£ 0.80	£ 2.50	£ 115.24	£ 6.20
Madeira	£ 7/15	£ 4.00	£ 1.00	£ 0.91	£ 3.50	£ 3.00	£ 3.00	£ 115.00	£ 12.50
Majorca	£ 20.00	£ 1.50	£ 0.50/75	£ 1/1.50	£ 4/5	£ 2/4	£ 4/5	£ 100.00	£ 10.00
Minorca	£ 10.00	£ 1.00	£ 0.40	£ 0.60	£ 4.50	£ 2.50	£ 2.50	£ 150.00	£ 7.00
Ibiza	£ 7/15	£ 1.00	£ 0.50	£ 0.60	£ 3.20	£ 3.50	£ 2.75	£ 175.00	£ 9.25
Gran Canaria	£ 7.50	£ 3/75	£ 0.40	£ 1.50	£ 4.50	£ 3.00	£ 1.00	£ 105.00	£ 5.00
Malta	£ 6.80	£ 1.25	£ 0.54	£ 0.30	£ 3.91	£ 2.00	£ 2.60	£ 77.35	£ 6.60
Tunisia	£ 5.00	£ 1.25	£ 0.50	£ 0.50	£ 2.80	£ 2.80	£ 1.58	£ 175.00	£ 4.80
Italy	£ 12.50	£ 2.50	£ 0.25	£ 1.25	£ 3.54	£ 4.17	£ 3.25	£ 118.57	£ 11.53
Gambala	£ 11.72	£ 8.00	£ 0.42	£ 0.60	£ 7.00	£ 3.00	£ 2.50	£ 200.00	£ 9.00
Florida	£ 10.85	£ 4.75/5.50	£ 0.60	£ 1.25	£ 2.75	£ 3.75	£ 6.40	£ 40.00	£ 3.80

Source: Thomson Cook (figures based on exchange rates at end of May)

shop around.

For example, Peckham Building Society offers its customers travellers cheques (Thomas Cook, major currencies) on commission and, obviously, there is nothing - apart from a bit of tedious paperwork - to stop you from opening an account simply to take advantage of this. Kent Reliance Building Society offers sterling travellers cheques (Amex) free of commission but foreign currency cheques are subject to a fee of 1 per cent. Leeds Permanent charges 0.5 per cent on sterling and 1 per cent on foreign currency travellers cheques.

Otherwise, you will have to pay a commission for sterling or other currency travellers cheques, usually in the range of 1 per cent (1.5 per cent for Citibank Savings). Minimum charges vary from £1 (Citibank Savings) to £3 (Thomas Cook). The Halifax charges a 1 per cent commission on travellers

cheques and tells customers to order seven days ahead.

American Express usually charges a commission of 1 per cent. But if you buy your holiday cheques in advance, you get up to £1,000 of travellers cheques commission free.

There is also usually a second commission to pay on cashing sterling, and sometimes on foreign currency, travellers cheques. Amex travellers cheques can be cashed abroad free of commission at an Amex office and the same goes for Thomas Cook foreign currency cheques although in some countries, such as France, Belgium and Holland there are compulsory commissions.

It usually makes sense to take a mix of low and high denominations. Take dollar cheques to North and South America, not sterling, and travellers cheques like ordinary cheques to pay for goods

in the US.

At the same time, remember that with travellers cheques you are paying money up front which could be earning interest in your deposit account. Leftover sterling cheques can simply be paid back into your bank account without attracting extra commissions but foreign currency cheques are expensive to change back. Stick to the better-known cheques which are more widely accepted, such as Amex, Thomas Cook, Visa and Citicorp.

Eurocheques. Eurocheques, backed by the Eurocheque card, provide a convenient way of paying for goods, hotel bills and local currency on the Continent. However, they are not accepted widely in places like eastern Europe and certain other countries where they are supposed to be acceptable. They are also expensive to use. The Eurocheque card costs between £5-27 per annum,

depending on which bank issues it. As one customer put it: "I was horrified recently - we were charged £7 each (joint account) for Eurocheque card renewals, £14 for two tarty bits of plastic."

Your bank will charge a commission of 1.5 per cent on the face value of the cheque, and there is a handling charge of about 30p per cheque or if you use the card in a cash dispenser abroad they would issue a new one, by which time he had left on holiday.

The cheques are written in local currency with a limit of around the equivalent of £150-£100 (in some countries you have to write the cheques in dollars), and the retail rate your

account is debited as soon as it reaches the bank's clearing department, which could be a matter of days or weeks.

An additional difficulty is that some banks abroad may try to impose extra charges (which you should refuse to pay) although the UK banks say that if you are charged at a bank in the Eastern Bloc, they will generally waive the 1.6 per cent charge.

Plastic cards. While Chancellor Nigel Lawson might prefer to discourage the use of consumer credit, the fact remains that plastic cards are usually the most convenient accessory in the travel money pack for anyone going on holiday abroad.

The plastic card companies have all expanded the number of outlets they have worldwide in the past couple of years, making it more convenient for cardholders to spend abroad and pay later when they return home. They are accepted widely in banks, shops and hotels (although they may not be so welcome at small pensions or the beaten track).

The benefit of plastic is that it allows you to defer payment, leaving your money on deposit and earning interest while you are away - although there is a risk of losing out because of fluctuating exchange rates. However, the exchange rates are usually wholesale rather than retail.

Money can be withdrawn from cash dispensers or at a bank provided you bring along your passport. With some cards, you have to pay interest on the cash advance.

For example, Access charges interest from the day you withdraw the money (one way to

get around this is to pay in a cheque so you have credit beforehand), whereas bills for hotels, shops and restaurants have up to eight weeks' credit. With Barclaycard, you pay a 1.5 per cent commission on the amount you withdraw, but you do not have to pay interest if you settle your statement immediately.

If you hold a Visa card issued by Save & Prosper's Classic Account, then withdrawal of foreign currency abroad do not attract the normal 1.5 per cent service charge. Instead, the amount is debited directly from your interest-bearing account for currency transactions while any retail purchases are debited within a month. You can withdraw the foreign currency equivalent of up to £250 a day.

With Amex, you can use your card to guarantee an ordinary British cheque and withdraw 550p (the equivalent of £100) against the balance in travellers cheques) in a 21-day period with no commission. Gold cardholders can withdraw £1,000 (£250 in cash and the rest in travellers cheques).

If you use the dispensers which give out currency and travellers cheques (Amex boasts of having two in Moscow which dispense roubles and dollar travellers cheques), there is a 1 per cent commission on cash and a 1 per cent commission on cheques. The money is debited directly from your bank.

If you belong to the LINK network (which is used by Co-op Bank, Girobank, Abbey National and several of the other building societies), your card can be used to withdraw cash from the PLUS system.

NATIONAL Westminster has put up interest rates for some of its savings accounts, and for overdrafts, following the recent 1 per cent rise in the bank base rate.

However, as usual, the rise in the savings rate doesn't match up with the higher cost of borrowing.

The interest on NatWest investment accounts and monthly income has gone up by a mere 0.25 per cent. There are slightly higher increases, between 0.25 to 0.75 per cent, for deposits in the bank's Special Reserve accounts.

In contrast, the effective annual rate for unauthorised overdrafts is going up nearly 1 per cent to 39.2 per cent, and from 22.1 to 28.2 per cent for arranged borrowings.

Meanwhile, the bank's overdrafts, which have increased the rates on its high interest deposit bonds to peak levels.

The highest net rate, for deposits of more than £2,000 held for six months, has been increased from 8.5 to 10.5 per cent net, after deduction of tax, with interest paid at the end of the period.

If you want monthly payments, the rate comes down to 9.65 per cent. For 12-month deposits the top rate is 10.2, with monthly payments at 9.5 per cent.

General Portfolio Life Insurance, for example, is now offering guaranteed income bonds that pay standard rate taxpayers a net return of 12.25 per cent over one year. Higher rates are liable to pay

Good news for savers - up to a point

Minimum investment is £1,000 but, if you put in more than £5,000, you have the option of receiving monthly income instead of one annual payment.

The rate paid is particularly high for single-year bonds; by comparison, the net rate for two-year bonds is 9.75 per cent, three years 9 per cent and four years 8.75 per cent.

Cheltenham & Gloucester Building Society has a high interest investment account, which is available as a postal service only. Called the London Share account, it will not be offered at any of the society's branches.

A minimum investment is £2,500 and it pays interest monthly at a rate of 10.03 per cent net, equivalent to a compounded annual rate of 10.5. You can make postal withdrawals instantly without loss of interest providing you retain a balance of £2,500; otherwise, you have to give a month's notice.

With interest rates firming up, it is worth shopping around to see who is paying the best.

You can cover building society rates for free by using the



Sir Harry Secombe: launched a guide to wills

means - monthly or annually.

Any cheque is made out to the building society selected. There are charges, since the Building Society Shop relies on commissions paid by the societies (although it claims that its advice is completely independent of whether it receives commission or not). It is authorized by the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA) and is bound by the "best advice" requirements.

HILL OSBORNE has come up with a novel high income plan that combines a temporary annuity with a zero coupon preference share.

The return varies according to your age and sex, but for older people it can provide a guaranteed monthly income equivalent to more than 10 per cent net annually for basic taxpayers.

Under the scheme, roughly half your total investment is used to buy a temporary annuity that provides a fixed income for the next 6 1/2 years. Much of the income from the annuity is exempt from tax,

since it is deemed to be repayment of capital.

The remainder of the investment is put into a City of Oxford investment trust zero coupon preference share that pays no income but grows in capital value to replace the sum spent on purchasing the annuity. So, at the end of the period you get back the original sum invested.

COMEDIAN Sir Harry Secombe this week launched a special guide on making a will prepared by the National Society for the Prevention of Cruelty to Children. The NSPCC says its income from legacies fell last year and it feels many people do not realise that charitable gifts made in a will are free of inheritance tax and can, therefore, be used to reduce your tax bill. The guide, available free from the NSPCC, is called *Caring for the Future*.

THE LABOUR Party's attitude to personal equity plans (PEPs) will be explained by Chris Smith, the Opposition front bench Treasury spokesman, at a conference in London next week. Organised by Millstream Europe, it is called "PEPs and their impact on personal investments and mortgages" and will be held at the City Conference Centre on Wednesday, June 7.

John Edwards

Banking on a hunch

IMAGINE BEING able to step into an office in the high street of any large town where you could receive within a minute or two details of exactly which life insurance policy out of all those available on the market most suited you.

This is precisely what National Westminster, the UK's largest clearing bank, is planning to offer the public this summer, after more than a year of independent advice on life insurance for the mass delivery of independent financial advice.

Only a few of the larger banks and building societies pretend to offer their customers independent advice on insurance and investment, having chosen to opt under the 1987 Financial Services Act to become "tied" - committed to selling the products and services of only one company.

NatWest is breaking down the gauntlet to its competitors. But it is also taking a calculated risk, which will rebound on it if the service does not live up to customer expectations.

Will NatWest, already the largest independent broker by far, really be able to offer the entire country tailor-made financial advice to compare with that available from smaller brokers?

Staff in the big clearer are not renowned for their customer service. However, NatWest's staff respond to the challenge of coping with an avalanche of enquiries? Equally, does the man in the street really care about independent advice: there are lot of people who do not. To make a success of their campaign, NatWest will have to reverse public indifference.

The public has shown no signs of concern at the general preference of banks and building societies to go tied and so offer the higher commissions on insurance companies pay to their tied outlets.

Last April, when the Financial Services Act came into force, all but one of the top 10 building societies chose to register as independent advisers. Now only three are - and the betting is heavily on the others to go tied as well.

Of the larger banks, Barclays, Lloyds, Midland and TSB chose to be tied from the outset. The Royal Bank of Scotland and the Bank of Scotland have so far stayed independent.

NatWest has so far kept a low profile about its independent status, leading many observers to suppose that it too might go tied eventually. This would have meant the virtual disappearance of easily accessible independent advice for most people not able to go to



specialist brokers.

This week, NatWest announced that not only did it have no intention of going tied, but it has spent the past 18 months setting up a formidable advisory service for its customers and the general public.

This includes a computerised service called Action Quote in 1,000 of its 3,200 branches, and the creation of a workforce trained to give advice on pensions, insurance, personal financial planning, and the insurance salesforce of about 250 by the end of the year.

There will also be a larger number of first step advisers - known as "financial services generalist practitioners" - to help guide customers towards the right specialist adviser.

"We will sell whatever policy comes up as best for a customer out of all those available on the market," says Tim Elyth, a bank official. "If a Barclays policy or a Lloyds policy turns out to be the best for a particular customer, then that is the one we shall advise him to buy."

Bank staff have not always been very receptive to customers building specialised services. NatWest is spending £500,000 on instructing its branch staff on how to handle independent advice enquiries from the public.

"At least initially, we shall probably be very happy to let people try independent services to test the products they are being sold by other against independent advice," says Derek Wanless, director of retail banking services.

Being a bulk provider of financial services and offering top quality to customers is a daunting ambition. However, insurance industry experts privately declare themselves impressed with the quality of the technology and managerial services which NatWest has set in place.

Once the life assurance operation is under way, NatWest hopes to move on to providing computerised advice on pen-

sion services. There will also be independent advice from staff on choosing insurance bonds, unit trusts, retail broking and portfolio management services.

More recent public discussion about independent financial advice has been tinged with a slightly forlorn idealism, suggesting that it was slightly too good for this world. But Wanless disagrees. "Offering independent financial advice is commercially right and we have taken the decision to go on providing it on financial grounds," he says, pointing out that the bank's insurance commission rose by 46 per cent during the first quarter of the year.

The secret lies in NatWest's sheer size. Because of its 6m strong personal customer base, the bank is able to sell policies in amounts which induce insurance companies to pay it commissions much larger than are usually paid to independent brokers.

Confident of its ability to cope with large numbers of enquiries, the bank is to spend £5m by the end of the year on building specialised services of its independent advice offer.

As a sample of what is on offer, those interested in investment advice, rather than pensions or insurance, can try Security Plus, a scheme which selects investments for finance-accepting investors with a net worth between £2,000 and £20,000 to invest over three to 10 years, the so-called "invest it and forget it" saver.

NatWest's decision to give its financial advisory services such a high profile is potentially one of the most exciting developments since the Financial Services Act became law. If it works, it is hard to believe that people will indefinitely remain satisfied when other banks and building societies automatically dish out their own proprietary products to their customers.

David Barchard

Slow death of a friend

THE DIFFICULTIES facing Fleet, one of the middle-sized friendly societies, in recent weeks have caused a less than glowing view of the reliability of the Victorian age. They have left many people wondering whether friendly societies provide a safe home for their savings or whether they should perhaps withdraw their funds.

For some time now, it has been clear that Fleet has been in trouble since they stem from a recent change in legislation.

Fleet's actuaries announced a couple of weeks ago that it was actuarially insolvent. As a result, the society transferred £200,000 from members' benefit funds (the equivalent of 1 per cent of the funds) into a contingency reserve to deal with its difficulties.

On Wednesday, it told a few of its 14,000 members at its AGM that it has now exceeded its actuarial liabilities, so it is not actuarially insolvent and does not anticipate using the money in the contingency reserve which is still invested in building society accounts and unit trusts.

According to the chairman's statement: "It is our objective to run the society so that the contingency reserve can in the course of time be released for members."

One reason Fleet finds itself in difficulty is because it fought a lengthy battle with the inland Revenue over the withdrawal of life assurance premium relief (LAPR) in 1984. It won eventually but incurred huge costs in the process.

"We were critically dependent on those extra policies," says James Rowlatt, chairman

of the committee of management at Fleet.

The second blow came when regulations requiring the annual assessment of solvency on a "worst case" basis came in during 1987. As a result, the actuaries have to prepare a valuation every year - instead of every third year - to show that the margins on the society's business are sufficient to meet its expenses; a change which should ensure that problems are detected sooner.

As 1988 was the first year that the regulations took effect, the problems Fleet were thrown up perhaps sooner than expected. This has raised questions over whether the other 36 friendly societies doing long-term insurance business, which are affected by the new ruling, will prove actuarially insolvent, too. They have to report to the Registrar of Friendly Societies, the government body which is supposed to protect members' interests, by June 30 although they can delay their reports for up to three months.

However, if any investors are worried, it might not make sense to pull their money out now. The difficulty is that if you do surrender policies early, under the special rules applying to friendly societies you get back only what you put in and do not benefit from the investment growth to date.

S.W.

Once the providers of self-help and sickness benefit to the artisans and working classes before the state benefits, the number of friendly societies has dwindled to about 50. Their attractions have diminished steadily during the 1980s - some might say they are being allowed to die a slow death.

The maximum tax-exempt monthly investment was reduced from £20 to £9 in 1984, and led to a marked drop in the number of new policies. The small sums involved make it difficult for friendly societies to compete with large volume competitors, where cost savings can more than offset the absence of tax concessions. A further blow is the revitalisation of personal equity plans (PEPs), which now provide an alternative tax-free investment.

Fleet maintains that its cost-cutting programme already means that "income will be higher this year even if we do no new business." But Rowlatt stresses that the society needs to develop its range of products and tie up with an independent distributing agent. Given the present shadow over their name, it is not going to prove easy to drum up business.

The alternative is to transfer policies to another friendly society. Fleet has already been in contact with Family, Home Owners, and Lanes & York about such an option and is awaiting the outcome.

Whatever happens to Fleet, it seems likely that the number of friendly societies will continue to decline as competitive pressure builds up.

S.W.

Free in name only

THE BANKS have spent the past six years proclaiming the arrival of the age of free banking. In many cases, though, they still get away with charging the customers for all sorts of transactions, according to a report published by *Which?* the Consumers' Association magazine, this month.

These charges can range from stopping a cheque to paying foreign currency cheques into an account or for using a safe deposit box.

Furthermore, they often do it without warning. Most people do not discover they are paying charges until their statement drops through the letterbox.

With some bank accounts, you risk running up charges of about £50 if you overdraw just once without asking permission, the report says.

If a bank should be told all the possible costs of the banking services in advance.

The magazine lists accounts to avoid in order not to incur unnecessary charges. These include:

- Midland Meridian and Vector, and TSB Scotland Fleet, which charge a fixed monthly fee even when you are in credit.
- "Traditional" high street accounts where you have to pay transaction costs for cheques and cash withdrawals, or an administration charge (for example, if you overdraw without permission).
- Accounts that work on a fixed fee basis if you know you are likely to overdraw more than £100 regularly and without permission.

The magazine says

customers should go for accounts which charge interest on the overdraft.

It names Abbey National Current Account, RFC Current Account Plus, Nationwide Anglia FlexAccount, Northern Rock Current Account and Robert Fleming/Save & Prosper Classic Account as the best buys for minimising charges once you are overdrawn, and earning a good rate of interest when in credit.

Building societies emerge slightly more favourably in the report when it comes to using "occasional" services such as sending a banker's draft or building society cheque, authorising cheques, and ordering duplicate statements of your account.

The magazine points out that many banks give managers leeway when deciding when to take action that could lead to a charge being imposed, or even whether to charge at all, whereas building societies are more likely to fix charges and leave less to the manager's discretion.

In fact, the bank managers *Which?* questioned said that when they were deciding whether to impose a charge, they asked themselves these questions:

- Has the bank sent out the reminder/angry letter already?
- Is the manager under pressure to attain targets on profit margins?
- How often is this customer overdrawn, and by how much?
- Did he forget to ask permission?
- Is he someone worth cultivating for other business?

S.W.

GA raises bonus rates

GENERAL Accident Life, the life assurance arm of the General Accident group, this week announced a substantial increase in its terminal bonus rates - the first traditional life company to make a mid-year bonus revision.

The effect of the changes on a low-cost endowment for a man aged 29 paying £30 a month will increase the maturity

pay-out on a 10-year with-profits policy by only 1 per cent from £5,952 to £7,021, but by 10.5 per cent on a 25-year contract from £48,109 to £53,152.

This latter figure moves GA Life from well down in the 25-year with-profits performance tables up to sixth place - a shrewd move by a company fighting to secure its share of a

dull mortgage-related endowment market. Competition is notching up among life companies to "tie up" with building societies; last week Scottish Amicable lured Scottish Building Society from Sun Alliance. Other life companies are likely to follow GA's lead and review their bonus rates in mid-year.

Eric Short

**"To be an investment genius,
all you need is a rising market
and a short memory."**

Anon

At times like these, however, you might prefer to have your investments managed by a team of seasoned professionals who have seen it all before.

If this is how you feel, you ought to be using
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FINANCE & THE FAMILY

**The Week Ahead
Cold comfort
for British Gas**

THE UNUSUALLY mild winter is likely to provide a severe constraint on final results from British Gas, which are announced on Thursday. Analysts expect net income of around £850m, compared with £816m in financial 1988. According to some estimates the weather may have knocked more than £100m off gross revenues, wiping out much of the benefits from the underlying trend of increasing demand. Shares have been drifting recently and already include a low profits increase in the price.

The weather also will have taken a toll on the fuel distribution division, which accounts for about half the turnover of Powell Duffryn in the year to end-March. With other interests ranging from shipping to construction materials, it slightly reduced its exposure to fuels through the sale of a half share in a fuel distribution business earlier this month.

Analysts are expecting pre-tax profits, announced on Tuesday, to come out at about £35m against £30m last time, though the City is looking for profits perennially complicates the pre-tax picture.

Peter Davis, chief executive of Reed International, has led the company into a buying spree since building up a substantial cash pile last year. Eddie Shah's messenger chain of regional newspapers, a slice of the Argus Press Group, Rupert Murdoch's Travel Information Group, and Independent Television Publications, which publishes TV Times, for an initial £115m have been acquired.

At the interim stage Reed exceeded City expectations with a 21 per cent rise in pre-tax profits to £133.2m and a slightly higher rate of progress is expected for the rest of the year. Last month the company announced that its profits would also be boosted by about £17m through the adoption of the new accounting standard SSAP 24 and this may help push pre-tax profits above £200m.

Most of the newspaper stories recently devoted to Jacob Rothschild have concerned his adventures with Sir James Goldsmith, the corporate raider. But on Wednesday, Rothschild will hold centre stage in his own right as chairman of J. Rothschild Holdings, the investment company.

Last year, RT Capital Partners, an investment trust, was spun off from JRH and this year's annual figures will bear little comparison with last year's results for the whole company. It is difficult to predict the effect that this demerger will have had on the results but some analysts are looking for a rise in net asset value to about 195p per share and pre-tax profits of around £110m.

Thorn EMI, the entertainment and electronics group, announces its financial results on Thursday, with analysts looking for pre-tax profits of around £285m. While this is well up on the £225 achieved in financial 1988, it represents a downgrading of beginning of

year forecasts prompted by the effects of lower consumer spending at Rumbelows, the group's retail subsidiary. Food retailer Asgill is in the midst of its programme to integrate its Presto chain with Safeway, which it bought in February 1987. Profits for the year ended March, being announced on Tuesday, will again include exceptional costs relating to the conversion, of about £50m this year. Expectations are for profits of up to £180m after the exceptional item.

Despite the travails of other retailers, Boots, the chemist chain and pharmaceutical manufacturer, is expected to show a strong advance in profits for the year ended March when it reports on Thursday. The interim figures showed a near 20 per cent gain and beat analysts forecasts by £10m. The City is looking for £285m more for the year against £236.3m, excluding property profits, last time. The boost is mainly coming from the retail side, where the group's determination to cut out unprofitable business, and the investment in information technology, is paying off.

Tuesday brings tidings of the effects of radical reconstruction measures at Norcross, the industrial manufacturing group which swapped its less-making builder merchant for a door and window business last December, in the year to end-March. Difficult trading conditions on the paper and packaging side will have compounded the restructuring costs, and followers are looking for around \$67m pre-tax against \$85.3m last time, with earnings per share dwindling below the previous year's level.

On Thursday, Michael Montagu puts on show the first annual results from Yale and the value to get a full year's contribution from the Yale locks and security products and NuTone domestic appliances companies it bought in 1987. Barclays de Zoete Wedd expects pre-tax profits for the 12 months to March 31 to reach £48.5m against £34.5m in 1987-88 when nine months of Yale and NuTone brought in £22.6m.

Bodyshop International, perhaps the prototype "green" company, is expected to report suitably healthy figures on Tuesday. Its results for the 17 months to the end of February are predicted to show pre-tax profits of about £15.5m, compared with the £3.5m it reported for the year to September 30. Underlying like-for-like growth is thought to remain buoyant at 20 per cent.

When Caradon unveils its annual results on Tuesday, the spotlight will be on the performance of Everest, the double glazing company it bought from RTZ a year ago. Everest joined Caradon with a falling market share and analysts will be anxious to know if Caradon has arrested the decline. Elsewhere in Caradon, the show-ers, bathroom fittings and plastics businesses should have performed relatively well. Analysts expect pre-tax profits of about £34m (£20.7m) for the year to the start of April.

**Britannia BES plan
worries investors**

SHAREHOLDERS in Northern Renewals, one of Capital Ventures' more successful Business Expansion Scheme issues this year, are not universally pleased by the news that Britannia Building Society is intending to invest £2m in the company.

If you are an investor and you have already contacted one of the many BES research bodies, you may find this surprising, since the majority view is that this is quite a good idea. "A good deal for both sides," proclaims John Spiers of BEST BES magazine, while Tim Villiers of BEST Investment has one or two small reservations only.

However, Steve Mobbs, a London investment banker and one of the original investors, claims that the deal is not in the best interests of all shareholders.

The proposal is that Britannia should invest £2m in the company by buying a convertible loan stock, paying 6 per cent a year and convertible into shares at any time, at a price of 100p. This is the same price that the original BES shareholders paid in February and March this year.

However, the original shareholders get no income from their shares. Britannia can convert at any time, so it can do so if the ordinary shares reach £4.00 while paying only £1.00. In other words, they can decide whether to take up their investment once they see a profit.

If Northern Renewals were wound up, Britannia would get out at 100p, while other share-

holders would have to take whatever price the shares may have fallen to. As an institution, Britannia does not qualify for the same first year's tax relief as other investors, however.

Capital Ventures, the sponsor, is recommending that shareholders should agree to the Britannia loan issue at an extraordinary general meeting later this month.

For the maturity of shareholders, being asked to agree will have come as a complete surprise. It certainly was for Mobbs, who bought his shares soon after the issue was launched.

"We recognise that some could have come in without knowing. I don't think the proposal was in the prospectus, although we did write to people in March," says Andrew Cann of Capital Ventures.

"At the time of the issue, few assured tenancies were raising the maximum of £5m, so Britannia's £2m investment might have made all the difference to the issue's success," explains Cann. But the issue raised £4m anyway, without Britannia's £2m.

Shareholders can veto the proposal at the EGM. While it does offer the company the chance to raise new capital, which is not always easy for BES companies, the original shareholders should be under no illusions that they are getting a worse deal than Britannia.

Heather Farnbrough

COMPANY NEWS SUMMARY

Company	Value of bid per share**	Market price**	Price of bid	Value of bid	Bidder
Amber	32511	317	203	19.04	Wassall
Bosch Meximal	34679	368	304	118.49	BDDP
Bosch Meximal	365	368	343	123.35	Omnicom
Chambers & Fergies	15076	146	148	9.50	Karlskron
Coalite	422	436	404	42.70	Anglo Unified
Galway	210	204	184	1.870n	Isoscotes
Gulaneson Mithun	148	140	142	94.46	Et. of Yokohama
Habit Pechelon	64776	73	70	8.58	Epioure
Julian's Higgs	102	89	83	21.52	Worshiply
Kepp Trust	5575	535	513	53.8	FitzPatrick
Ladlow Thomson	28558	201	165	14.02	Newman Tunks
Lambert Howarth	15468	209	150	8.70	Black (Peter)
Mc Cash & Covy	135	158	142	13.02	FitzPatrick
Magnet	300	288	289	548.22	DWRSA
Marler Estates	88	102	98	74.78	Conrad Higgs
Prop. Co. London	182	203	255	23.86	Lodge Core
Toccal	13955	122	132	383.40	Costa Viteola
UEI	720	695	629	600.04	Carbon Comm.
WA Higgs	51	49	41	19.44	Haden MacLellan

*All cash offers.†Cash alternative. ‡Partial bid. §For capital not already held. ¶In consideration. **Based on 25p bid price. ††200/1.14 suspension. ‡‡Shares and cash. †††Price before indication of offer:114p.

RESULTS DUE

Company	Announcement date	Dividend (p)	Last year	This year
FINAL DIVIDENDS				
Aal	Monday	0.65	1.85	1.35
Allied Colloids Group	Tuesday	1.8	3.5	2.7
Argyll Group	Tuesday	3.0	7.0	3.3
Aldine Brothers (Meatery)	Tuesday	1.4	3.0	1.8
Bathmore Consumer Products	Thursday	3.1	5.7	3.5
Boots Company	Thursday	2.5	5.5	2.75
British Gas	Monday	2.44	2.58	1.63
British Land Company	Monday	1.38	1.8	1.2
Brown N Group	Wednesday	3.0	3.5	1.5
Brown Shipley Holdings	Friday	4.0	5.5	4.0
Bulfinch Group	Monday	0.825	2.96	0.7
Burnwood Brewery	Tuesday	2.5	5.5	3.5
Caradon	Tuesday	-	1.4	-
Charter Express Group	Monday	-	1.0	-
CML Microsystems	Thursday	2.5	7.4	2.75
Coalis Group	Thursday	3.25	10.0	3.25
De La Rue	Wednesday	1.27	3.1	1.47
Electrocomponents	Friday	0.7	0.3	0.4
Elga Group	Thursday	2.0	2.0	1.5
Finlay James	Thursday	0.6	1.75	1.0
FKI Babcock	Thursday	2.75	5.35	3.0
Great Portland Estates	Thursday	1.35	2.0	1.5
Hanover House	Wednesday	1.125	1.475	1.5
Hickling Pentacost	Friday	1.26	0.75	1.35
Hunter Capital	Thursday	1.26	2.7	1.35
ITL Information Technology	Thursday	0.4	1.8	-
Light Intersats	Monday	1.85	3.82	2.02
Lynne Irish Holdings	Wednesday	3.5	6.5	3.8
Marshall	Tuesday	2.0	5.25	2.25
Marston, Thompson & Everashed	Tuesday	0.25	2.05	0.94
Monks & Crane	Tuesday	1.2	2.0	1.3
New Throgmorton Tst (1983)	Thursday	1.5	4.0	1.75
NMC Group	Thursday	0.7	1.8	1.0
Norcross	Thursday	4.0	10.4	5.0
Normans Group	Monday	0.933	1.15	1.05
Orlams International SA	Wednesday	3.0	5.5	3.5
Oxford Instruments Group	Thursday	0.9	1.8	1.0
Phoenix Timber Group	Thursday	1.0	1.5	1.1
Powell Duffryn	Tuesday	5.25	13.25	6.0
Premer Consolidated Offield	Tuesday	1.0	2.5	1.2
Property Partnerships	Tuesday	1.75	3.0	2.0
Reed International	Wednesday	3.5	6.5	4.0
Rothschild J Holdings	Wednesday	2.5	6.5	4.0
Rowlinson Securities	Tuesday	0.22	0.68	0.24
Shaw Arthur & Company	Friday	0.5	1.75	1.1
Shelby Securities Int'l	Thursday	2.34	3.435	2.49
Shonley	Thursday	6.0	13.0	6.5
Sonic	Thursday	0.75	2.0	1.0
Thom EMI	Thursday	6.0	16.0	7.5
Unilock Holdings	Thursday	1.0	1.2	1.0
Yale & Vitor	Thursday	1.45	3.45	3.45
York Trust	Tuesday	0.45	1.55	1.0
INTERIM DIVIDENDS				
Anglia Secure Homes	Tuesday	1.25	2.25	-
Archimedes Investment	Monday	0.5	0.5	-
Body Shop International	Tuesday	0.9	-	-
Borwick	Monday	0.5	0.5	-
Brooklands	Tuesday	0.7	1.1	-
Camford Engineering	Wednesday	1.0	4.0	-
Crantbrook Electronic Higgs	Tuesday	0.5	0.75	-
Flaxford Casters & Wheels	Thursday	1.5	3.4	-
French Thomas & Sons	Thursday	1.2075	1.8125	-
Johnson & Firth Brown	Thursday	0.6	1.4	-
Neutronics Technology	Wednesday	0.5	1.0	-
RCO Holdings	Wednesday	2.0	4.0	-
Telecomputing	Monday	0.65	-	-
VPI Group	Thursday	2.0	2.5	-
Wiltoughy's Consolidated	Friday	3.0	3.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Aberdeen Petro.	Dec 352 L	(1,800 L)	-	-
Anglo Leasing	Mar 8,270	(1,800 L)	25.1 (19.0)	5.0 (-)
BGA Group	Dec 24,200	(2,900)	-	0.5 (-)
Brit & Amer Film	Dec 715	(620)	19.8 (18.4)	7.425 (6.82)
British Telecom	Mar 2,448n	(2,230n)	25.9 (23.6n)	10.5 (9.5)
Cayman	Mar 2,080	(1,830)	53.3 (51.7)	11.5 (10.1)
Capital Leasing	Mar 1,080	(427)	4.5 (3.8)	0.57 (-)
Channel Tunnel	Dec 13 L	(15 L)	-	-
Control sec.	Mar 20,300	(8,310)	5.5 (5.1)	1.2 (-)
Cook Williams	Apr 5,050	(1,720)	38.3 (13.8)	6.0 (6.0)
Devesport Knt.	Dec 1,000	(1,170)	38.1 (48.8)	8.03 (8.03)
Dunhill Holdings	Mar 45,500	(35,220)	16.9 (13.0)	3.75 (2.7)
Eastern Produce	Dec 8,140	(7,254)	25.8 (28.1)	11.0 (10.0)
Ewelick	Jan 1,800	(200)	1.3 (1.41)	0.45 (0.3)
Eustice & Agency	Dec 722	(683)	-	-
Goldberg A & Son	Mar 2,920 L	(3,230)	-	(12.1) 3.0 (5.5)
Hawth Whiteing	Dec 1,220 L	(1,530 L)	-	0.1 (4.0)
Inry Merchant	Mar 22,810	(11,730)	37.5 (21.8)	9.5 (7.5)
Isopad Int'l.	Jan 2,500	(2,000)	14.2 (12.5)	5.0 (-)
Jarvis Porter	Feb 2,030	(2,706)	9.0 (11.7)	4.0 (4.0)
Optometrics	Mar 325	(184)	2.3 (1.8)	-
PCT Group	Dec 862	(448)	18.7 (11.5)	5.0 (4.0)
Permant Group	Dec 196 L	(14)	-	0.2 (0.2)
Plysu	Apr 6,620	(6,510)	11.5 (9.8)	2.85 (3.0)
Ritz Design	Mar 1,630	(1,450)	11.4 (13.1)	2.0 (-)
Ruthe & Holes	Feb 757	(510)	18.7 (11.7)	5.6 (4.0)
Scott & Merc Inv	Mar 1,4307	(2,0407)	4.11 (4.65)	4.1 (4.8)
Stabe	Apr 152,000	(117,400)	49.4 (41.8)	11.37 (8.75)
Storehouse	Apr 11,300	(114,900)	9.5 (12.0)	8.8 (8.8)
TH Property Inv.	Mar 4,340	(2,680)	1.67 (1.03)	1.2 (0.8)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. † = loss; ‡ US dollars & cents. § Available income. ¶ Net revenue. †† Fixed assets investment income. ††† 1st quarter figures. * This year's figures for 9 months. †† With pence & pence.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Acetate & Hutchinson	Apr 1,090	(9,880)	3.5 (3.5)
Company of Designers	Mar 623	(1,110)	1.25 (1.1)
Crown Communications	Mar 3,790	(1,300)	1.5 (1.9)
Ferry Pickering	Feb 1,320	(1,420)	2.1 (1.9)
Global Group	Nov 532 L	(277)	-
GPG	Mar 5,300	(22,300)	0.57 (1.25)
Kelsey Industries	Mar 1,350	(1,180)	4.12 (3.75)
Keen-o-se	Mar 105	(865)	-
Wood Russell	Mar 4,280	(3,050)	2.5 (2.25)
West Trade Suppliers	Dec 72	(72)	4.75 (-)
MEPC	Mar 64,400	(48,700)	4.5 (3.5)
M&G Group	Mar 12,320	(10,885)	4.5 (3.5)
Sandell Group	Mar 155	(131)	1.7 (-)
Scottish Invest. Trst	Apr 4,010	(2,900)	1.15 (1.0)
Sodgwick Group	Mar 3,250	(43,500)	-
Slidaw	Mar 3,250	(2,920)	3.0 (2.75)
Thornson GW Higgs			

FINANCE & THE FAMILY

Your chance to cash in on the green revolution

Patrick Harverson on environment-friendly stocks

WITH THE spotlight on the environment - whether because of dying seals, the hole in the ozone layer or Mrs Thatcher's sudden conversion to the green cause - investors may wonder how they can best take advantage of the "green crusade."

The answer is to look for companies likely to benefit most from environmental protection and pollution control, which these days is big business. Currently between £1bn and £1.4bn is spent each year on pollution control worldwide. Billions more will soon be poured into water treatment, the control of power station emissions, waste management and the development of safe products such as ozone-friendly CFC replacements and catalytic converters.

Japanese institutions have already shown a keen interest in environment-related stocks, which in itself enhances the attractiveness of the stock market's unofficial "green" sector.

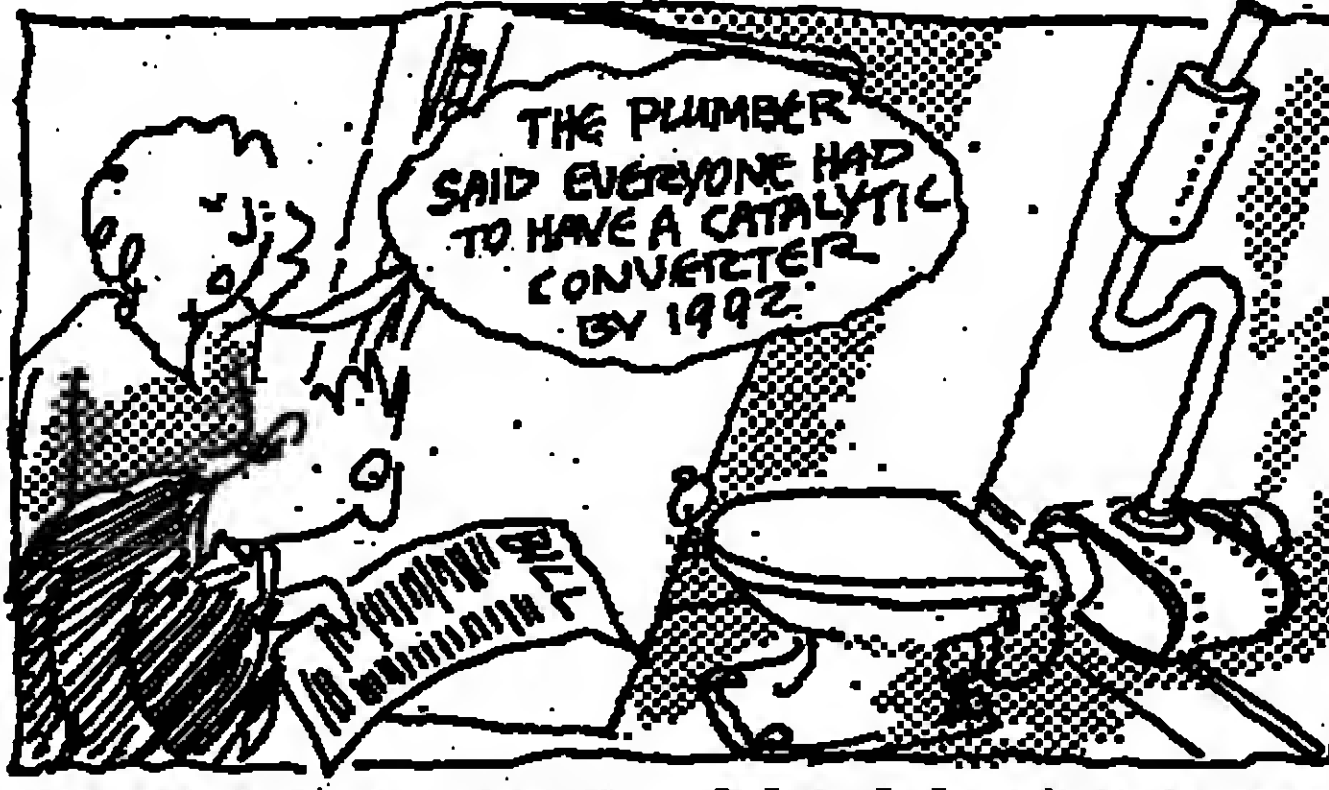
In a special report Nikko Securities, the Japanese securities house, has picked out four large UK companies: Johnson Matthey, ICI, BTR and Simon Engineering - and a number of smaller specialists, such as Rechem and Attwoods, which it believes are likely to benefit considerably from the "greening" of Britain.

Johnson Matthey operates four business divisions which specialise in advanced materials technology. Of the four, the greatest "green" attraction is the Catalytic Systems division, the world's largest producer of catalytic converters for treating vehicle exhaust emissions.

US demand is already great, and current EC legislation will significantly increase the size of the European auto-catalyst market, says Nikko. In preparation, Johnson Matthey is building a factory in Belgium which will quadruple its European production capacity.

ICI, the world's fourth largest chemical company, allocates about 10 per cent of its capital expenditure each year (in 1988 it was \$1.2bn) to environment-related areas. "ICI's technological expertise and large R&D budget are being increasingly focused on developing environmentally benign products," claims Nikko.

The products include water-based paint coatings with low solvent levels, water-treatment processes using enzyme-based biological fragments, industrial effluent



cleaners and ozone-friendly chemicals for refrigeration.

BTR, the UK's largest supplier of commercial washroom cleaning and waste-disposal services, has decided to expand its environmental side and offer support services. Recent acquisitions, including ADT's European commercial cleaning business, have boosted the proportion of group earnings accounted for by environment-related activities.

Simon Engineering is a diversified engineering group heavily involved in water and sewage treatment and the construction and fitting out of chemical and paper making plants.

On a smaller scale, there are companies like Rechem Environmental Services, which specialises in the disposal of toxic waste in the chemical and electricity supply industries. Last year its profits nearly doubled, to \$8.75m. Other smaller companies ready to profit from the increasing demand for waste disposal services include Atwoods, Caird Group, BT Hughes, Leigh Interests and Shanks & McEwan.

If you do not want to invest directly in environment-related stocks, one alternative is a "green" Personal Equity Plan (PEP), launched last month by Henderson Unit Trust Management group.

The first of its kind, the "green PEP" will invest in a core group of UK companies involved in areas such as water treatment, waste disposal and air purification and including names like Ocean Transport, Coalite, and Davy International.

Robin Berrill, managing director of Henderson, claims these products include water-based paint coatings with low solvent levels, water-treatment processes using enzyme-based biological fragments, industrial effluent

cleaners and ozone-friendly chemicals for refrigeration. BTR, the UK's largest supplier of commercial washroom cleaning and waste-disposal services, has decided to expand its environmental side and offer support services. Recent acquisitions, including ADT's European commercial cleaning business, have boosted the proportion of group earnings accounted for by environment-related activities.

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TARGET'S investment performance record in recent years could be viewed as a classic example of "how are the mighty fallen!" In the annual Money Management performance survey for 1982, the group topped the charts with its Gold fund, which produced a return of 93 per cent that year. Two other Target trusts were also in the industry's top 25 best-performing funds.

The same survey for 1988 Money Management picked out Target's Australian fund as an example of startlingly poor performance. The fund has lost money over one, two, three and five year periods, so that £100 invested in the fund in May 1983 would now be worth a mere £20.40. Over the same period, the Target Gold fund - 1982's industry leader - would have turned £100 into £50.30.

Putting aside the Australian fund, which has attracted a good deal of notoriety for its dismal performance, there are some bright spots in Target's long-term performance figures. But they are few and far between.

Of the group's five British equity trusts, only the UK Capital fund has ever performed above the average for periods going back seven years. Only one trust, Preference, has performed above the average in all the periods shown in the table. The rest of the 17 funds have only occasionally passed the half-way mark in the performance league tables.

However, there are signs that Target is moving out of its performance trough. One-year figures show that seven funds are above the average, of which four are in the top quartile of their sector. Target's strengths seem to lie in overseas funds: World Income is 11th out of 57, European Special Situations is 12th out of 101, and Japan is 18th out of 64.

Target's troubles have a number of causes. The central problem has been a combination of an investment philosophy and a marketing philosophy, neither of which was well suited to open-ended funds. The group has always seen itself as a smaller companies specialist. Says investment director John Hodson: "We tended to be value buyers, choosing things which were out of favour and taking fairly big stakes."

This might be all well and good if unitholders did what they were supposed to do and held their units long term. The fund manager would have time to wait for a return to materialise, and would not be forced to sell unmarketable small stocks. Target has, however, also built up its business by going strongly into the broker bond market. The unit trusts were available side by side with the life funds for brokers who managed their own portfolios of clients' funds.

Unit trust brokers are known for their tendency to switch large blocks of units from one fund to another. Consequently, the managers of their funds are likely to switch

Why Target missed

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Target Unit Trusts Performance Return in years to 1.4.89

Trust	1	2	3	5	7
UK Capital	12.6 (66/180)	-4.2 (113/136)	32.3 (63/118)	180.0 (26/90)	354.5 (18/89)
Preference	3.1 (4/53)	33.4 (2/44)	32.4 (2/43)	253.7 (2/27)	212.4 -
Japan	14.8 (8/64)	19.7 (29/60)	77.9 (19/56)	212.4 (9/35)	-
Equity	10/9	4.2	30.5	121.8	273.7
Income	(70/100)	(68/100)	(60/92)	(43/74)	(42/68)
Australian	(122/127)	(119/112)	(87/101)	(57/68)	(34/55)
	(13/16)	(15/15)	(15/15)	(11/11)	-

Return based on offer-to-bid prices. Income reinvested. Figures in brackets show ranking of funds out of total number in relevant sector. Source: Finance

even more actively. The bonds may represent very large holdings of units and switching them is made easy for the broker, since the unit trust group handles all the administration. In severe market conditions such as the 1987 crash, if brokers move en masse out of a unit trust which has a concentrated holding of unmarketable stocks, the result is devastation. The manager is forced to sell his most marketable holdings first and is left with those which have fallen most and are difficult to dispose of easily.

This is what happened to the Target Australian fund, and the same effect can be seen in a number of the other trusts with a smaller companies element. The group's eventual corporate history of recent years has also disturbed continuity. In

indifferent performance of its Pacific Trust has been its policy of staying as a "broad" fund, with 40 to 50 per cent in Japan rather than the smaller markets which have done so well recently.

The perils of continued concentration are clear from the Convertibles trust - bottom of its sector over its first year - which shot itself in the foot with two bad investments recently. The fund is about £12m in size and has about 30 holdings.

Target has now shifted both its marketing and its investment philosophy. It has successfully encouraged brokers to move short-term money into a new range of index life funds, which should reduce the effect of switching on the unit trusts.

It has also reduced the percentage of funds held in special situations. Says Hodson: "The reality of the market place is that the interest is in the leaders. We have made a gradual shift away from special situations, even though in our hearts we think some of these companies are still good. The fundamentals haven't changed, but short-term fashions have."

However, there are other unit trust groups (Franklin Templeton springs to mind) which have not had to abandon a policy of smaller company investment as a result of the 1987 crash. It seems Target has paid a high price for its enthusiasm for broker bonds.

Christine Stopp

Offshore curbs for Manx banks

EXPATRIATES need not be alarmed at the recent decision by the Isle of Man to introduce a system of offshore banking licences. Since the collapse of Savings and Investment Bank in 1988 - which resulted in the loss of more than £40m of depositors' funds - control of local banks has been tightened considerably.

Jim Noakes, the Isle of Man's banking supervisor, maintains that the Savings Bank failed changed long ago. He declined to comment on whether depositors would eventually get some of their money back, adding that while there had been sympathy with their plight, "we are looking to the future rather than the past."

The Isle of Man has become a significant financial centre in recent years and now challenges Jersey and Guernsey as a centre for bank operations. Among the well-known company names operating on the Isle of Man are Allied Dunbar, Barclays, Unicorn, Clerical Medical and Equity & Law.

The island was the first offshore centre to be granted designated territory status to market investment and insurance products in the UK under the terms of the Financial Services Act. Designated status is granted only to those territories which have enacted investor protection laws at least equivalent to those existing in the UK.

The new offshore banking licences are designed to enable banks outside the Isle of Man, which wish to conduct business outside the island through branches or Isle of Man subsidiaries, to do so as "managed banks." As a safeguard against fraud and other criminal activity, only institutions licensed as domestic banks in the island can apply to be "approved managers" of offshore banks.

The Financial Supervision Commission says it will be looking for applications from prime banks located in jurisdictions which exercise proper licensing and supervision and which subscribe to the international concordat on banking supervision. Noakes wants the introduction of offshore banking licences to be seen as a further "weapon in our armoury."

Banks which decide to set up "pass plus" operations in the Isle of Man - two have expressed interest so far - will not be permitted to do business with the local population of 70,000. And while the emphasis clearly is on offshore banking now, Noakes says the Isle of Man will still welcome banks with a physical presence.

The real spur to the Isle of Man's latest move might have been the 5,000 million raised by the Caribbean. According to Noakes, the wish of many Isle of Man banks to be able to offer "brass plate" banking was prompted by competitive pressure, especially from the Cayman Islands.

The potential for the Isle of Man can be judged by the Caymans' thriving offshore banking industry which is represented by more than 500 banks, only 72 of which maintain a physical presence, whereas the Isle of Man's 54 banks all maintain a physical presence.

The Isle of Man could have chosen the timing of its venture into offshore banking with more precision than it cares to admit. Coopers & Lybrand, the accountancy firm, is working on a report for the British government on financial services in the Caribbean dependent territories. At this stage, it is impossible to know whether their findings will work to the advantage of the Caymans.

Peter Gardiner

Peter Gardiner is editor of The International, the FT's magazine for expatriates.



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CHARGES Initial: 6% which is included in the offer price. Annual: Zero. Provision is made in the Trust Deed to enable the Managers to increase the initial charge to 7.5% and the Annual Charge to 2% (plus VAT). Three months' notice will be given of any increase in the Annual Charge but the Managers have no intention to do so. The trustee is Citicorp Trust Company Limited.

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BID PRICE This is the price that the Managers will pay for your units if you wish to sell them back. The bid price is calculated at 12 noon each working day, the valuation point. To find out how your investment is performing look at the financial pages of the Daily Telegraph or Financial Times.

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TAXATION AND THE UNIT HOLDER An investor holding trust units will have two potential areas of tax liability to consider: Income Tax and Capital Gains Tax. Income Tax is payable on the income received from the unit trust in the form of distributions. Capital Gains Tax may be payable if a gain is made when units are disposed of.

INCOME TAX If you are a basic rate taxpayer there is no further Income Tax to pay on distributions. The distribution carries a tax credit sufficient to discharge your income tax liability. But if you are a higher rate taxpayer additional tax will be payable at the excess of the higher rate over basic rate income tax. Non tax payers can reclaim the tax credit from the Inland Revenue.

CAPITAL GAINS TAX Unit holders disposing of units may be liable to Capital Gains Tax if their net chargeable gains from all sources in a tax year exceed the exempt amount. The amount of the gain may be reduced by the application of an Indexation Allowance. In the 1989/90 tax year the exempt amount is £3,000. (At present only one £3,000 exemption is available to married couples living together). Gains in excess of the exempt amount are taxed at the tax payers marginal Income Tax rate.

TAX AND THE TRUST FUND The Trust Fund has a tax liability on income - the two types of income it is likely to receive attract different tax treatment.

Franked investment income (distributions received from the Trust Funds in which the Master Trust invests) carries a tax credit and there is no further tax liability.

Unfranked income - income from bank and other deposits is subject to Corporation Tax.

Capital gains realised within a unit trust are not liable to tax.

INCOME DISTRIBUTION The income of a unit trust is distributed, usually half yearly on fixed dates, to unit holders in strict proportion to the number of units held. You can choose to have the money paid direct to your bank/building society current account. Otherwise it will be reinvested to purchase further units.

YOUR RIGHT TO CANCEL The Financial Services (Cancellation) Rules 1989 gives you the right to cancel your unit trust purchase within 14 days from the date you receive the Notice Of The Right To Cancel. This will be issued at the same time as the Contract Note but sent to you under separate cover. Any drop in price during the intervening period must be borne by the investor.

A copy of the scheme particulars, annual and half yearly reports, are available on request from Norwich Union Trust Managers Limited.

PRICE AND YIELD As this is a recently formed Trust, there is no historic information between bid and offer prices.

At 1st April 1989 Estimated Gross Yield was 2.8%.

All references to taxation in this document are to UK taxation and are based on Norwich Union's understanding of UK law and Inland Revenue practice as at 1st May 1989. The future basis and rates of tax may vary. Although every effort has been made to ensure its accuracy, no responsibility can be taken for Norwich Union's interpretation.

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FINANCE & THE FAMILY

Anthony Casswell looks at the impact of future allowances on those who have retired Planning ahead can save much more

AN Inland Revenue press release in March 1988 said that "when independent taxation starts in 1990-91 many married women, and some married men, will find there is less tax to pay on their incomes." The statement concluded that at projected rates for 1990-91, more than 3m individuals would enjoy tax reductions averaging £390.

However, the Inland Revenue based its estimates on tax reductions which will happen automatically. This series of articles has aimed to show how, by careful planning, many married couples will be able to enjoy tax savings several times greater than the Revenue estimates.

It is impossible to cover all individual circumstances comprehensively in the space available. However, some gaps can be filled by answering queries from readers received since the series started.

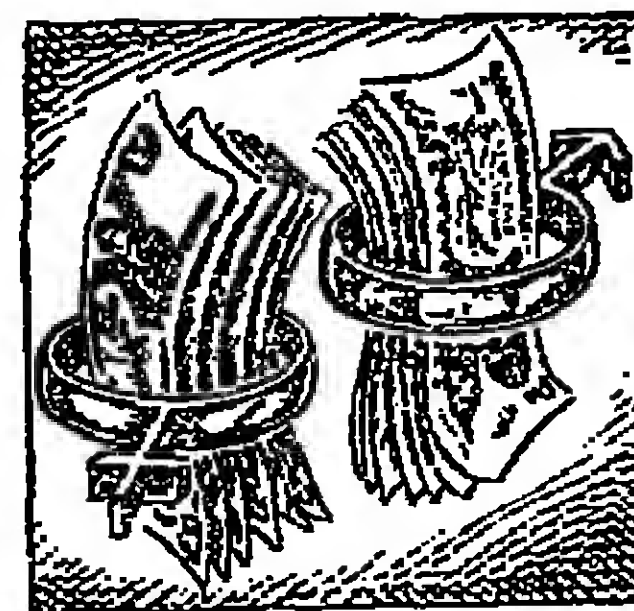
Several readers pointed out that the figures given in these articles for personal allowances and the rules for their progressive withdrawal, are at variance with those stated in the Inland Revenue leaflets IR 80, IR 81, and IR 82. In fact, although the Revenue leaflets are dated March

1989, and were publicised as being available at the time of this year's Budget, they were evidently drafted before the new rates and rules had been determined. Inland Revenue amendments to these leaflets confirm that the articles were correct.

However, there was a misprint in the April 29 Weekend FT in the table of tax allowances for pensioners. The single allowance for age 75 and over was correctly shown as £3,540 for 1989-90 but the projections for 1990-91, which illustrated year-end inflation at both 5.5 and 7 per cent, should have read £3,740 and £3,900, respectively.

Readers have asked whether they could not put all their assets into both names and then divide the income equally; they have queried the statement that transfers into joint names will provide each partner with half the tax saving that could follow a transfer from one spouse to the other.

If one spouse has investments worth £20,000 yielding £2,000 per annum, transfer into joint names will provide each partner with half the capital and £1,000 of income: total transfer will give the receiving spouse £20,000 capital and £2,000 income - the right course



INDEPENDENT TAXATION FOR MARRIED COUPLES

depends on how much income the recipient needs.

A reader aged 76 with a wife of 73 asks whether they will each get a single allowance next year. The answer is yes, like any married couple. At 1989-90 rates, provided that neither one has a grossed-up income in excess of the age allowance limit of £11,400, they will have single age allowances of £3,540 and £3,400 respectively.

They will also receive a married couple's allowance, which depends on the older age and so will be £2,026. This will be

given to the husband, but if he has insufficient income to make use of it, any unused part can be transferred to his wife.

A wife asked what to do with "a considerable amount of National Savings Certificates (NSCs) with five years almost completed" as her National Insurance pension is her only source of income and she wishes to use her single age allowance.

The interest rate in the final year of NSCs from 28th to 31st issues inclusive is over 10 per cent and worth having. Thereafter, the general extension considered as a miserable 5.01 per cent and only increases the value of NSCs after each completed period of three months. So, she should cash in the certificates on maturity.

The proceeds could be invested in National Savings income bonds for a high (but variable) income or gilts to yield a fixed income of nearly 10 per cent. Building society or bank deposits should not be considered as the interest is paid net of "composite rate tax," which cannot be reclaimed. Reinvestment this year will ensure that dividends due next year fall into the desired hands.

Answering other questions: Interest paid gross is taxed on the basis of receipts during the previous year. But if it is a new source of income starting before next April, it will be taxed in both this fiscal year and next on the basis of the interest actually arising.

A couple aged 71 and 70 point out that for 1989-90 their total age allowance is £5,385, whereas if inflation is still 7 per cent by the end of this year, in 1990-91 they will receive single allowances of £3,540 each and a married couple's allowance of £2,130, making a total of £9,410. "A lovely thought," they say, "but is this likely?"

Not only is this likely - the legislation is already in place - and if they were both 75 or over, they would have two single allowances of £3,900 and a married couple's allowance of £2,170, making the total £9,770. The final query concerns income received from abroad after deduction of withholding tax in the country of origin. This overseas tax will probably be allowed as a credit against UK tax; but you cannot offset overseas tax against your allowances because the Inland Revenue has an understandable reluctance to repay tax which it did not receive.

Diary Of A Private Investor

Smart punter can beat unit trusts

JUDGING FROM the unsolicited mail I have received recently, unit trust groups are either desperate to increase their business or they view the market with confidence and are heavily promoting new and existing funds to take advantage of what they hope will be favourable conditions.

However, with a few notable exceptions - such as the M&G Group - most of the groups have recently increased their fees and charges. This has made me even more reluctant to invest in unit trusts.

If a trust manager charges an initial 5 or 6 per cent and an annual charge ranging between 1 to 1.5 per cent of the value of the fund, then in the first year of purchase the value of the unit has to rise by more than 6 per cent to 7.4 per cent before an investor can make a profit.

Would you not be better off buying shares directly instead? Especially as in the small print of some unit trust agreements there is a note stating that the management fees can be increased, subject to three months' notice, to as much as 2 per cent per annum.

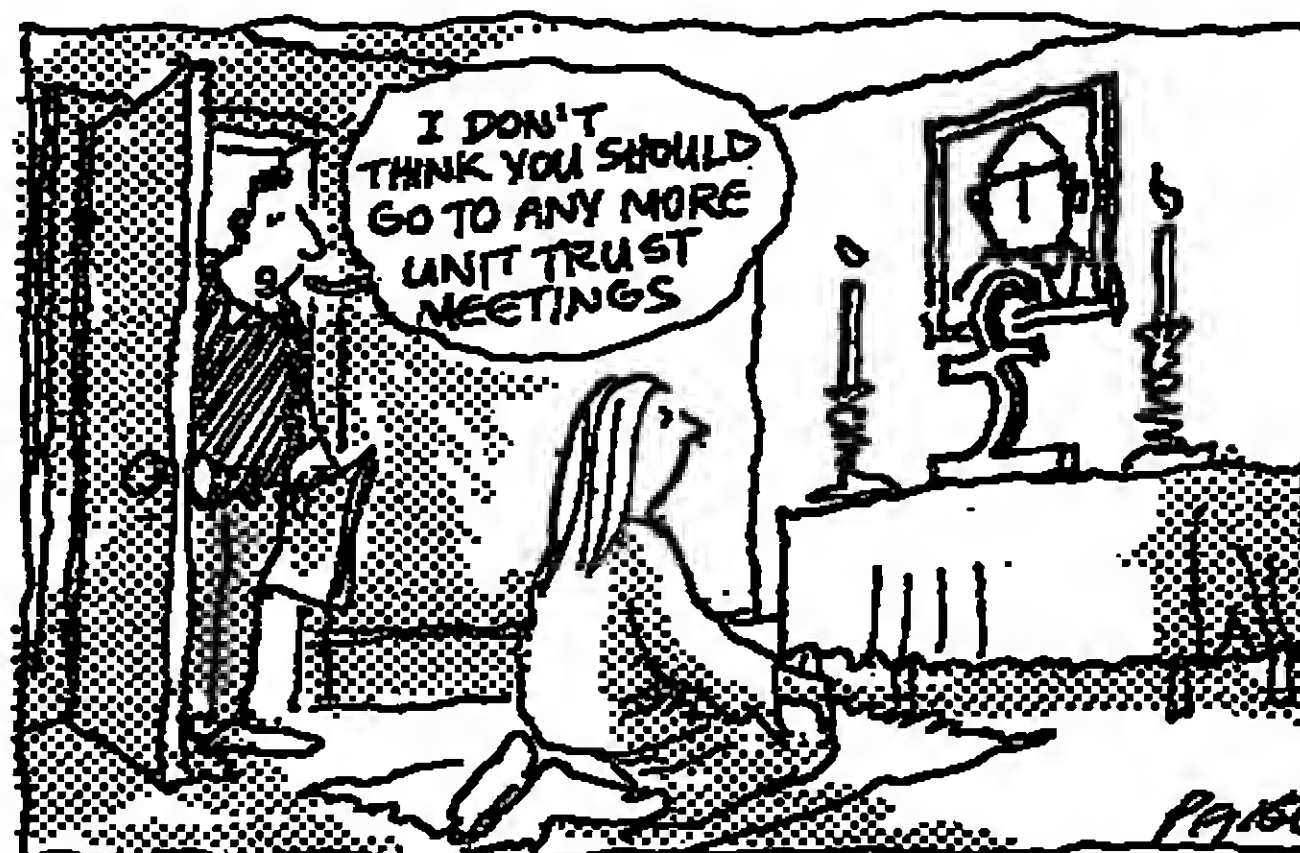
True, there are certain unit trusts that aim to "track the index" and charge rather lower fees. But surely the objective of a private investor is to beat the index, not merely follow it

downwards if the market drops, or only just match any rise? Indexed funds have no appeal to me.

Leaving aside indexed funds, there are now more than 1,200 different unit trusts available, which makes choosing between them even more difficult than picking an individual share.

If you invest in a company you generally know something about it, that it has solid - and perhaps undervalued - assets and possibly takeover potential too. This has far greater appeal to me than investing in a unit trust, where the trust's investments may possibly be the subject of rapid change that you know nothing about.

For example, if the chairman or chief executive of a public quoted company resigns, then you are likely to read about it in the newspapers. You can then sell your shares in the company if you bought them because you had faith in the abilities of that person. Unit trust managers, however, may resign, be fired, transferred, or otherwise leave and there may be no announcement in the press for months. Indeed, you may not know the person has left until you read about it in the fund's annual or half-yearly statement. This makes it much less easy to "back a person" managing a particular trust.



I also believe that the unit trust industry will come under increasing pressures from other forms of investment, and that there will eventually be a number of mergers, amalgamations and changes of character of particular funds.

Investors in a public quoted company have a say - by exercising their voting rights - as to whether that company is taken over or merged with another. Quite often the holder of units in a UK-based unit trust has little or no say at all about whether the trust will be merged with another or have a change of owner or manager. The crucial question is whether the performance of unit trust managers justifies

where it is difficult for private investors to obtain direct shareholdings.

Some years ago I invested directly in a Japanese company, but soon sold my holding due to the difficulties of following its progress, inability to read its Japanese reports, and disgust at the rigmarole required in having to hold a share certificate in Japan rather than in the UK. Now I feel the Japanese market is over-inflated.

Unit trust managers also have - like other City institutions - an advantage over private investors in that they have almost instant access to certain company information. For example, all public quoted companies have to make important announcements - such as details of their profits, and takeover offers - direct to the stock exchange before circulars can reach investors.

Those with access and time to watch stock exchange screens can see this information first and can mark the shares down (or sell them) before the average private investor even knows what the results are, let alone have time to consider whether the company remains a good investment.

Kevin Goldstein-Jackson

Cut out of her father's will

MY FATHER, a widower in his late 80s, quarrelled with my only sister (I have no brothers) and cut her out of his will. I am executor with the solicitor, and my father has several times reminded us of his wish that my sister should receive nothing.

I am principal beneficiary under the will, and would like my sister to receive her share in due course. Obviously nothing can be done now, but can I give my sister half the estate after my father's death? Would there be complications with capital transfer tax?

Clause 167 of the Finance Bill (as published on April 13) is designed to frustrate equitable arrangements such as this, but to be hoped, however, that the Chancellor will be persuaded to ameliorate the potential tax penalty for people in your position - either in Standing Committee G or on report. You may like to come back to me after the Finance Bill receives its third reading (in July). Meanwhile, watch the FT for news of any amendments to the Bill.

Although Standing Committee G began its consideration

Q&A

NO legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

of the Bill on May 11, it is not too late for you to write to your MP about the effects of Clause 167 upon people like yourself. The Finance Bill costs £13.10 (ISBN 0 10 310289 2), and revised versions will be published after the committee and report stages.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*					
Deposit account.....	4.50	4.60	3.88	monthly	1
High interest cheque.....	7.50	7.90	6.32	monthly	1
High interest cheque.....	8.00	8.30	6.84	monthly	1
High interest cheque.....	8.40	8.70	6.96	monthly	1
High interest cheque.....	8.80	9.20	7.36	monthly	1
BUILDING SOCIETY†					
Ordinary share.....	5.00	6.09	4.87	half-yearly	1
High interest access.....	8.00	8.00	6.40	yearly	1
High interest access.....	8.25	8.25	6.40	yearly	1
High interest access.....	8.75	8.75	7.00	yearly	1
High interest access.....	9.00	9.00	7.20	yearly	1
90-day.....	9.05	9.25	7.40	half-yearly	1
90-day.....	9.50	9.75	7.78	half-yearly	1
90-day.....	10.00	10.25	8.20	half-yearly	1
NATIONAL SAVINGS					
Investment account.....	10.75	8.06	6.45	yearly	2
Income bonds.....	11.50	9.09	7.28	monthly	2
Capital bonds.....	12.00	9.90	7.28	yearly	2
34th issue†.....	7.50	7.50	7.50	not applica	3
Yearly plan.....	7.50	7.50	7.50	not applica	3
General extension.....	5.01	5.01	5.01	not applica	3
MONEY MARKET ACCOUNT					
Schroder Wagd.....	9.59	10.02	8.02	monthly	1
Provincial Bank.....	10.27	10.77	8.52	monthly	1
UK GOVERNMENT STOCKS					
3pc Treasury 1985-89.....	11.01	9.75	8.89	half-yearly	4
8pc Treasury 1982.....	11.55	9.44	8.17	half-yearly	4
10.25pc Exchequer 1985.....	10.82	8.30	8.74	half-yearly	4
3pc Treasury 1980.....	10.23	9.51	9.03	half-yearly	4
3pc Treasury 1982.....	9.57	8.74	8.23	half-yearly	4
Index-linked 3pc 1982-95.....	8.10	8.69	8.28	half-yearly	2/4

*Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £10,000. § Source: Phillips and Drew. ¶ Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Minimum period

IS THERE a minimum period for which shares must be held before the original cost of them can be indexed for Capital Gains Tax purposes?

For example, if I purchased shares in June 1988 and sold them in January 1989, can I index the June 1988 price at the January 1989 index rate for the purposes of computing CGT?

Yes, the minimum period is ten days. For example, if shares bought on January 21 were sold on February 9, there would be no indexation allowance. If the sale took place on February 10, however, there would be an indexation allowance of 7.207 per mille (8/110ths).

The indexation allowance for shares bought in June 1988 and sold in January 1989 is 4.12758 per cent (44/1068ths).

Jointly held investments

FROM April 1990 it is proposed to tax husband and wife separately. Can you advise me of the position relating to foreseeable capital gains on currently jointly owned investments in equities, unit trusts, government stocks, income bonds (National Savings), and single premium insurance bonds of long standing. Will they be deemed to be divided 50-50 between husband and wife or still remain part of the husband's tax bill as at present?

Presumably you have always entered half the income from the jointly held investments under "Self" on your tax returns, and half under "Wife." Similarly, presumably you have entered separate figures in the capital gains sections of our tax returns for your wife's half share of the sale proceeds of joint investments, under "Wife." That being so, there

will be no change. On the other hand, if you have always entered the whole of the income and gains under "Self" that may well be taken as evidence that you do not consider that your wife has any beneficial interest in the assets held in joint names.

There will not normally be any CGT to pay on disposals of government stocks or National Savings income bonds. Gains on single-premium insurance bonds attract income tax, not CGT. It is quite likely (on the limited data provided) that the whole of the gains on the insurance bonds will be assessable as your own income.

Marital home

BEFORE HER marriage my daughter was buying her own house on a mortgage that already repaid half the eventual selling price. After marriage 18 months ago she and her husband moved to a larger house and contributed equally to the cost of the mortgage. The house is still in my daughter's name only.

If they were to separate or even divorce, what would be my daughter's position as regards the house? Would she be obliged to sell and give her husband half of the net proceeds, or would she be able to retain ownership, having been the main contributor for eight years and having paid a substantial deposit on the marital home?

Would her own savings accumulated before marriage be affected by any divorce?

Your daughter probably would not be obliged to sell, but she might well have to raise on the security of the house enough money to buy out the interest (if an interest has arisen by repayment of the principal, rather than interest, of the new mortgage) of her husband. On a divorce the total financial position of each party would be taken into account.

HOLIDAYS & TRAVEL

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TRAVEL

ONCE UPON a time, Britain possessed only a handful of really fine hotels outside London. But thanks to the prosperity of the past 15 years, Britain now boasts a big clutch of them - the best of which are linked under the Relais & Chateaux banner.

A Touch of Class Standard bearers

Michael Thompson-Noel on the best country hotels in Britain



It is a fine organisation, Relais & Chateaux, for it brings together 376 excellent establishments in 36 countries. Of these, 151 are in France, though its tentacles are now stretching everywhere: to Columbia, Morocco, Antigua, Japan (six member establishments), the Lebanon, Dubai (the secluded Hatta Fort Hotel, in the foothills of the Hajar mountains - one of the last places in which you would expect to encounter a luxury hotel), Australia, the Seychelles, the Grenadines, Mexico, Norway, Ireland, Portugal, and so on.

In Britain, there are 17 Relais & Chateaux members at present, all epitomising the standards marked out at the creation of Relais de Cuisine in 1954. The organisation as it stands today dates from 1975, when the Relais de Campagne, Chateaux-Hotels and Relais Gourmands were merged.

Because of its exacting standards, Relais & Chateaux has grown fairly slowly. In 1979 there were 290 members internationally; in 1984, 337. In the current year, only 13 new establishments were judged worthy of entering the chain, while three were being dropped. When a Relais establishment is sold, its owner resigns from the chain.

In Britain, the number of Relais establishments may well grow to 20 in September, with two or so net additions joining the present batch. Two of which, La Tante Claire in London and Waterside Inn at Bray, are relais gourmands, which make up the restaurant section of the chain.

As Tim Hart, chairman of Relais & Chateaux in Britain, says in his introduction to the UK Relais guide: "There is an enormous diversity of architecture, style and ambience between members - and yet the strong family resemblances are just as remarkable. If you find an hotel that is smallish, owner-managed, in an attractive rural or village position, with exceptional food, wine, service, comfort and welcome, there's a fair chance it is one of ours."

In Britain they include Tim Hart's Hambleton Hall in Rutland, Inverloch Castle and the Airds Hotel in Scotland, Giddeigh Park in Devon, the splendid Chewton Glen in Hamp-

shire, Le Manoir aux Quat'Saisons, near Oxford, Sharrow Bay Country House Hotel in Cumbria, Longueville Manor Hotel in Jersey, etc.

The potential for expansion of the UK country house hotel market is considerable, as a report from Green Belfield-Smith, the hotel and catering consultancy arm of Touche Ross, made clear last August. This is because of the very large number of castles, manors and stately homes available, and because big commercial hotel groups are thought likely to pump large sums into a market formerly dominated by owner-managers.

According to Green Belfield-Smith, the average total development cost per bedroom in a selection of nine luxury country house hotels that it surveyed last year was £96,000, with the most costly being £160,000. Profits varied greatly, but were said to average nearly £3,000 in gross operating profit per available room - not very much at all, really.

You have to work extremely hard to make a success of a country house hotel, let alone to qualify for an organisation as select as that of Relais & Chateaux. Tim Hart, now chairman-merchant banking in 1979 because he wanted to own and run his own business and live in the country, Hambleton Hall cost him £110,000 at a time when unconverted country houses were a real drug on the

large fashion element. In the period 1984-87, rich Americans came and did the English country house circuit. They've been and gone.

"One thing that concerns me is that the promotion of Britain by the British Tourist Authority (BTA) is not handled very well. They wear Union Jacks and promote mass tourism. They promote Britain as a middle or mass market destination, whereas much more emphasis should be placed on the other side - Ascot, Henley, all that. We need to promote Britain as a destination for sophisticated travellers."

To join Relais & Chateaux, hotel owners have to survive a ruthless inspection and selection process. "There are lots of owners of wonderful houses that have been converted into hotels who assume that that is enough to gain membership," says Hart. "But it's not. We need to know whether a particular hotel offers a first-rate welcome, if it achieves the highest housekeeping standards, serves excellent food, offers outstanding service. To weld that together takes exceptional dedication, particularly when given the chancy financial returns. Essentially, Relais & Chateaux is a guild of craftsmen."

The International Relais guide is available from all British members, or from French Government tourist offices.

The British members are as follows:

- Arisaig House, Inverness-shire, tel: 06875-622.
- Inverloch Castle, Inverness-shire, 0397-2177/8.
- Airds Hotel, Argyll, 06373-286.
- Sharrow Bay Country House Hotel, Cumbria, 06536-301/463.
- Farlam Hall Country House Hotel, Cumbria, 06976-234/358.
- Hambleton Hall, Rutland, 0572-76691.
- Malloy Court, Warwickshire, 0245-27881.
- Bunstrat House Hotel, Avon, 07618-578.
- Giddeigh Park, Devon, 06473-2367.
- Chewton Glen Hotel, Hampshire, 0245-27881.
- Gravelly Manor, West Sussex, 0345-810667.
- La Tante Claire, London, 01-352-6045.
- Waterloo Inn, Berkshire, 0628-20691.
- Le Manoir aux Quat'Saisons, Oxford, 01864-27881.
- The Bell Inn, Buckinghamshire, 0296-630252.
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TRAVEL & MOTORING

Travel

Nile cruising through the sands of time

Susan Moore on the river in Egypt

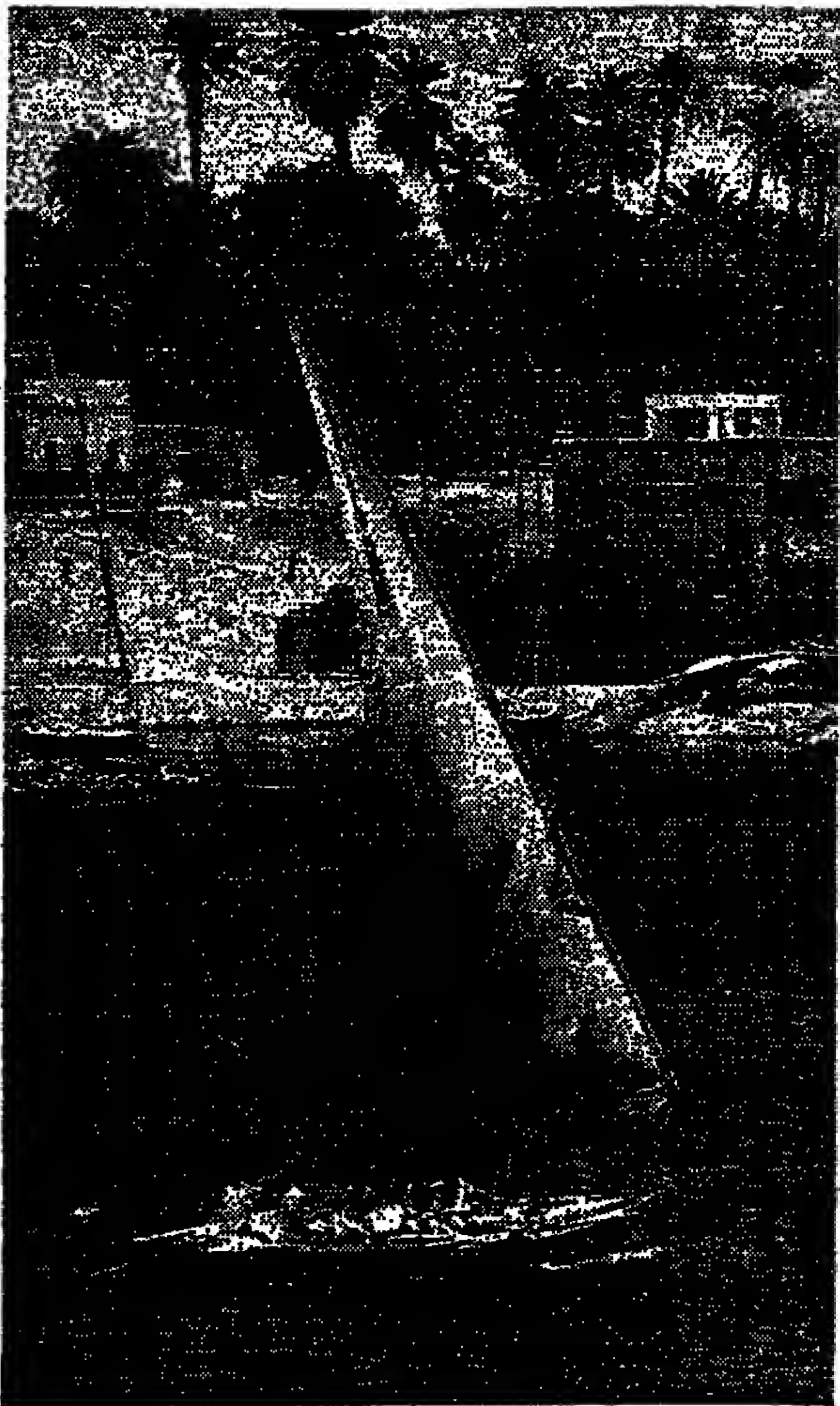
WHAT DO you see on a whistle-stop trip to Egypt? More important, how well do you see it? The majority, it seems, choose to travel in air-conditioned, hermetically sealed, motor-coaches from museum to monument via belching tour-buses and deposited at regular intervals at the comfortably familiar international hotel compounds that punctuate the Nile's east bank.

But there is hope for those who cannot bear the prospect of international cuisine, a cruiser the size of a cross-channel ferry, or of sharing a Ptolemaic temple with 300 people wearing ridiculous sun-hats and clicking away with their cameras. A tomb or temple can be yours alone if you can face the dawn or the mummifying midday heat.

After the dust of Cairo, Assuan and its island of the oasis, a riot of colour and lush vegetation. Skins are darker, colours are brighter and the hollyhocks grow tall. The sugarcane houses of the stately, graceful Nubians are painted ochre and sky blue. The town has the air of a spa. Even the children of the felucca-dynasties splash around in makeshift tubs, propelled by a frenzy of arms.

Few things could be more surreal than driving under the blazing sun in a motor-coach decorated with Christmas-tree baubles, tinsel and Chinese lanterns. Every vehicle toots or honks or honks as it overtakes in Egypt. Few things are finer than returning by felucca after sipping drinks (the best is beer) on the terrace of the Old Cataract hotel, tacking slowly back and forth across the Nile and silently watching the sun sink.

The Old Cataract is one of the best hotels in Egypt, though it too has succumbed to the modern traveller. Waiters wear fezzes, but white linen and creamy pearls have kept their glow. The hotel's style splendour, though it too has succumbed to the modern traveller, waiters wear fezzes, but white linen and creamy pearls have kept their glow. The hotel's style splendour, though it too has succumbed to the modern traveller, waiters wear fezzes, but white linen and creamy pearls have kept their glow.



Queen of the Nile: a felucca at Assuan

From here, Hatshepsut began her ascent to the after-life. Our ascent was by hot-air balloon. This is, of course, not the way we were intended to see the Necropolis, its awesome temples and colossal statuary reduced to the scale of museum models. But only from the balloon's basket does the layout of the site become clear. The backdrop to Hatshepsut's temple is no mere ridge but the edge of a massive mountain range, bisected by valleys and hollowed with gaping tombs.

The lush patchwork of fields of cut wheat, sugar cane and barley suddenly stops for no apparent reason, giving way to sand without even a stray scrawny shrub. As we drifted low above the sprawling makeshift village of Gurna, with its mudbrick and palm-shaded walls like open shoeboxes, villagers grinned and waved, and shouted their greetings, and enthralled children chased our shadow.

Seven days in Egypt can be a very long week. The tour was organised by Abercrombie & Kent, tel 01 730-9900. Balloon trips, at £150, can be booked in London via A&K, or at the Luxor Hilton.

Motoring

Mercedes soft-tops the lot

Stuart Marshall falls in love with a sporting masterpiece

DRIVING FROM Lisbon to the Algarve in May sounds like a good way to get to know a new Mercedes SL convertible in ideal conditions. Having left London in sub-tropical heat, Lisbon greeted me with a downpour. It was still raining next morning as I drove into the city.

Multiple shunts had blocked the approach to the bridge over the Tagus but, thankfully, not on the southbound side. By the time I reached the tollbooth, the rain had stopped. A convertible comes to life only when the top is down, so I pressed a red button on the console. With sundry clicks and whirrs, 17 proximity switches, 15 hydraulic pressure cylinders and 11 solenoid valves leapt into action. In 30 seconds the sun, waterproof SL becomes the most glamorous - and, to me, most covetable - open sports two-seater, the hood retracted out of sight as completely as a jet's landing gear.

The weather stayed patchy all day in Lisbon. But as the clouds gathered I pulled in, fixed the button and the SL closed up again. As I sped open-topped down the Lisbon-Faro highway, some heat round the feet was comforting. Even at speed the SL was completely habitable. There was a lot of wind roar, but I was not getting my head blown off. Indeed, given sensible clothing an open SL could be enjoyed on a mild winter day.

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The new Mercedes SL: the world's most glamorous open sports car?

suspension dampers to suit a driver's mood, always making the ride as comfortable as possible and as fast as necessary. SLs are also used for the most glamorous - and, to me, most covetable - open sports two-seater, the hood retracted out of sight as completely as a jet's landing gear.

The weather stayed patchy all day in Lisbon. But as the clouds gathered I pulled in, fixed the button and the SL closed up again. As I sped open-topped down the Lisbon-Faro highway, some heat round the feet was comforting. Even at speed the SL was completely habitable. There was a lot of wind roar, but I was not getting my head blown off. Indeed, given sensible clothing an open SL could be enjoyed on a mild winter day.

Tiger Moth, except that the Mercedes was much faster and quieter. It must be the ultimate luxury sports two-seater, equipped like a chairman's limousine but as light and easy to drive as a shopping trolley. It even has a sensible boot. Just before the SL made its debut at Geneva Show in March, Mercedes-Benz changed its mind about offering buyers a run-flat tyre made by Continental as optional equipment. It is called CTS (ContiTyreSystem) and lets a car continue after a puncture far enough for the driver to get the wheel changed.

The problem is that CTS, which looks like no other tyre, is mounted on a unique wheel. Possible supply and service problems may be enough to make buyers think twice about having it as an optional extra. They certainly made Mercedes-Benz back-track while it investigated an alternative. The SL will not reach Britain with right-hand drive before October. Prices, although high, may not be quite as high as had been anticipated at Geneva. A base model with a 190-horsepower engine and two valves per cylinder could be just under £40,000 while the V8-engined 500 SL will probably be more than £50,000 but not as much as the forecast £55,000. The bad news is that every one of the 2,200 to 2,400 SLs that will be imported into Britain in the next two years has already been spoken for. It can only be a matter of time before "delivery mileage" examples are changing hands at inflated prices.

Queuing up for an ugly Alfa

THE ALFA Romeo limited-edition SZ coupe is about as beautiful as a Tom and Jerry cartoon bulldog, but that hasn't stopped more than 140 Britons making serious enquiries about buying one.

Only 1,000 of these Zagato-bodied coupes will be produced at a price of about £40,000 apiece. Alfa Romeo dealers throughout Europe are said to have been inundated with enquiries since the car started Geneva show-goers with its brutal and hideous styling when

premiered there in March. What is the attraction? Not so much its 156 mph (251 kmh) performance as its investment potential. There are plenty of better-looking cars capable of matching the Alfa Romeo SZ coupe's largely unusable maximum, but they tend to be diminishing, not appreciating, assets.

Peter Kinnaird, managing director of Alfa Romeo (GB), says collectors are rating the SZ a blue-chip investment. Anyone wanting to take a punt on one should go to an Alfa Romeo dealer, place a

firm order and leave £5,000 deposit. Alfa Romeo (GB) will know how many it has been allocated by the end of July and will sell them on a first come, first served basis.

The car, with a three-litre V6 engine, is based on the 75 sports saloon and is so low-slung you have to hitch up the remotely-controlled suspension to climb a steep ramp. It runs on lead-free petrol only, has a catalytic converter, leather seats, power steering and air conditioning.

S.M.

Scourge of kerbs

WHAT CAN BE done to stop lorries parking with anything from 11 wheels humped-up on pavements designed for feet, not freight?

I asked this question some weeks ago, incensed at having seen the nicely (and expensively) railed brick pavements and granite kerbs of Tunbridge Wells, being broken by goods vehicles only hours after the workmen had gone.

As yet there has been no reaction from the police or council. But within hours I had heard how the local Civic Society, which exerts what pressure it can to prevent the town's still agreeable environment, I signed up on the spot. However, from the road lobbies such as the British Roads Federation, Road Freight Association and Freight Transport Association, not a squeak was heard.

The FTA's silence surprised me most. As its headquarters are in Tunbridge Wells, it is itself helping to pay for the pavement through the rates. One or two of its executives may even have admired them.

Instructing traffic wardens to stick hard-to-remove warning labels on the windscreens of offending lorries is an idea that still appeals. And I think vehicle-weight graduated penalties (£25 for a car, up to £100 for a lorry) would be an effective deterrent.

The trouble is that the police seem disinclined to do much about pavement parking, even though it is unlawful as well as anti-social. They have bigger fish to fry and seem to believe that if by putting two or more wheels of an illegally parked vehicle on the path a traffic hold-up is avoided, then so be it.

One can see why they feel the way they do. But, environmental impact apart, what about blind people with guide dogs? The Labrador has been trained to know the difference between a road and a pavement - but what is a pavement with a vehicle parked on it? It doesn't know, so it stops and waits vainly for the vehicle to go away.

The problem of footpath damage and obstruction is taken seriously in some places abroad. In the last few weeks I have seen row after row of anti-pavement-parking stone bollards in Madrid (aimed at coaches taking tourists to the Prado) and in the back streets of Paris.

S.M.

Still in conflict with the Crown

THE ENGLISH Tourist Board is next week re-launching its controversial Crown hotel classification system - and is still likely to run into opposition from several leading hotel groups who believe the scheme is misleading and unworkable.

Exact details of the changes to the Crown scheme are being kept under wraps by the ETB until next week, but it is likely that the proposals may still not go far enough to satisfy all critics of the scheme.

The Crown system was brought in just three years ago by the tourist boards of England, Scotland, and Wales to try to give tourists from both Britain and overseas an objective guide to the facilities offered by all types of serviced accommodation - ranging from pubs and farm-houses through to luxury hotels such as the Savoy in central London. Depending on the facilities offered, a crown rating

from one to five is awarded. The idea was not a new one. In fact, discussions on such a scheme started shortly after the Tourism Act became law in 1969 and have continued in various forms ever since.

The aim of a nationwide objective grading scheme for serviced accommodation was simple: to help raise standards by letting tourists know in advance what were the minimum levels of accommodation being offered.

The problem, however, with introducing an objective grading scheme based solely on easily identifiable factors such as night porters, room service, and the number of chairs in a room was that it failed to take account of the hotel's ambience and reputation.

A small, seaside hotel, for example, could earn the same crown classification under the scheme as a top London luxury hotel such as the Waldorf or

Tower Hotel (although the ETB has tried to avoid this by giving luxury hotels gold crowns). The trouble is that most consumers have been brought up on grading schemes such as those carried out by the AA or RAC - which take into account subjective factors of quality as well as basic standards when awarding their star ratings.

Hoteliers argued (and in fact voted in a ballot organised by their trade association) for a classification system that included some degree of comment on the hotel's style and reputation.

They also believed it would make more sense for serviced accommodation to be divided into three groups - self service, bed and breakfast style accommodation, and genuine hotels.

But the ETB's proposed changes still lack a genuinely subjective element, although it says that this is on the way.

The proposal will be for the objective crown classification to continue, but with an additional subjective grading being introduced later on.

This is likely to be on the lines of schemes already introduced by the Scottish Tourist Board and planned to be brought in next year by the Welsh which give hotels a qualified grading on quality.

The Scots use the phrases 'approved', 'commended' and 'highly commended' although the Welsh are planning to use 'merit' for 'approved'. The ETB is understood to still be considering its phrases.

Whether such a system will encourage the large hotel chains to join the scheme remains to be seen, especially as most consumers still are likely to believe that five crowns is the equivalent of five stars.

David Churchill

Chess

IN ONLY its second year of competition, the Watson, Farley & Williams international which ended in London this week has already become a major event on the British chess calendar. Hosted by the City solicitors in their offices at Minories, EC3, it gained status when the Corporation of London co-sponsored the tournament and the Lord Mayor named the opening move.

The chief interest this year was how Michael Adams, already with a grandmaster norm at 17, and Mathew Sadler, at 15 the world's youngest international master, would perform in the company of established GMs such as former world title candidate Larsen and US champion Wilder. As a sign of Britain's rising status, the other GMs, including Hodgson and King, the UK's most recent holders of the title, and Suba, the former Rumanian No. 1 who defected to Britain last year.

Mihai Suba, who speaks excellent English, is playing a significant role in his adopted country by participating in tournaments and providing well-written instructional articles in the monthly maga-

zine Chess. He will be eligible for the England team in the 1990 olympics and looks likely to be selected. Suba's specialties are his understanding of opening finesse and his quick tactical purpose of strategy, a P-Q4 advance to open lines for Black's rooks and create a passed pawn. White helps by his passive approach - but Black's overall plan is a model if you like the Benoni.

White: N.R. Davies. Black: M. Suba. Modern Benoni (Watson, Farley & Williams 1988).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 P-K3, P-B4; 4 P-Q5, P-K3; 5 P-Q3; 6 B-N2, P-KN3; 7 N-QB3, B-N2; 8 B-B3, O-O; 9 O-O, N-R3.

The other plan Q-N-Q2 gives the knight options to go to QN3 or K4, but is less thematic in supporting the advance of Black's 3-2 queen's flank pawn majority.

10 N-Q2, N-B2; 11 P-QB4. More direct is 11 N-B4 with the idea 11... P-QN4; 12 N-R5; 12 B-B4, KN-K1; 13 N-K4 and a triple attack on Black's

QP. Black would therefore probably answer 11 N-B4 with KN-K1, a less active formation than occurs in the game.

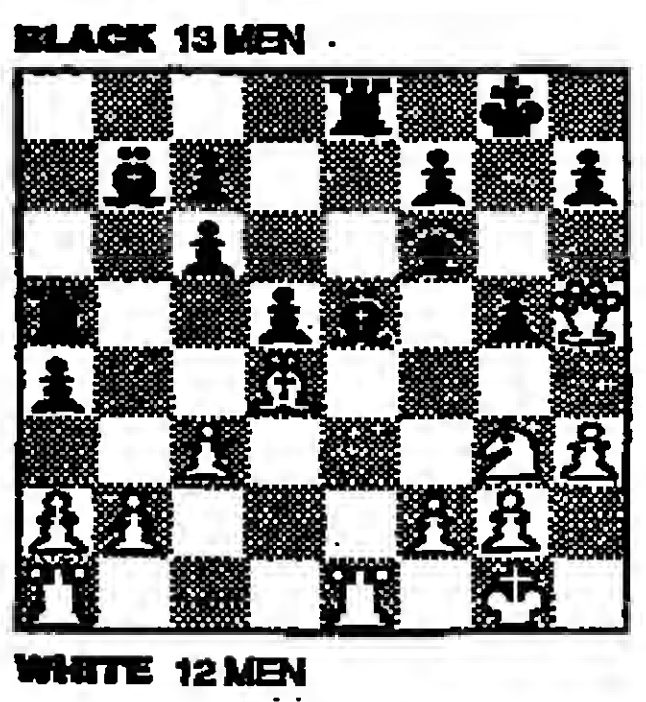
11... P-N3; 12 B-N1, B-K1; 13 B-K1, Q-R3; 14 P-R3, B-QB3; 15 N-B2, K-N1; 16 N-N1, P-B4. While White has tried laboriously to prepare P-K4, Black's strategy has been active and direct, restraining White's centre and preparing the thematic Q-side advance.

17 B-N5, Q-B1; 18 N-B3, P-N4; 19 P-P, N-KN2; 20 N-N1, B-N1; 21 B-Q3, P-QB4; 22 B-KB3, B-R3; 23 Q-B1, KN-N1; 24 P-R4, B-Q2; 25 B-B3, B-N6. Classically simple and strong; if White exchanges bishops his QNP falls; otherwise Black establishes a winning passed pawn.

26 B-R1, QR-N1; 27 B-R2, B-R2; 28 P-R, Q-B3; 29 B-B2, P-B6; 30 P-K3, P-N4. Prevents White's last chance of B-K2.

31 Q-Q2, B-B5; 32 P-K2, B-R2; 33 R-B, Q-K4; 34 K-N2, B-N7; 35 Q-Q1, Q-E5 ch; 36 P-B3. Black also wins at once after 37 K-R2, R-N8; 38 B-R1, R-R; 39 Q-R, B-N8. 36... Q-R1 37 Resigns. If 37 R-Q, R-R ch; 38 Q-R, R-N7 and Black's pawn queens, the logical triumph of his entire game strategy.

PROBLEM No. 775 A. Andersen v. L. Paulsen.



London 1862. Two leading grandmasters of their time met in a game which virtually decided first prize. White (to move) is a pawn down, but the black king defences are weakened by his rash P-KN4 advance while his twice-attacked bishop is pinned.

Play went 1 Q-K2, Q-R1; 2 BxP, P-B3. During this brief sequence, both blundered. Andersen overlooked a win. Paulsen a saving resource. What did they miss?

After 2... P-B3 the game ended 3 Q-B5, RxB; 4 R-R, PxR; 5 Q-R3 ch, K-N2; 6 N-B5 ch, Resigns because of K-B3; 7 QxQ ch. Solution Page XXIII Leonard Barden

Advertisement for Jaguar Authorised Dealers, Guy Salmon Jaguar, and Porsche Authorised Dealers. Includes a list of Jaguar models and prices, and contact information for Dick Lovett and SAAB dealers.

Advertisement for Peter Shield, a financial expert, with contact information and a list of services offered.

BOOKS

Players on a bloody stage

Anthony Curtis reviews a vast but rewarding account of the French Revolution

ONE OF the great survivors of the French Revolution was the painter Jacques-Louis David. As a young artist he made a commanding reputation in the France of Louis XVI, painting narrative pictures on classical themes.

During the Revolution and the Terror, his Jacobinism had full play and he was hard at work, eminent and powerful, a member of the Committee of Public Safety, in charge of the new dispensation's outward face, organising its spectacles, denouncing fellow artists who had offended him and abolishing the Academy which had turned down a protégé of his.

After the fall of Robespierre, David suffered spells of imprisonment, but soon after Napoleon had come to power, the artist was back at his easel, court painter to the new masterpieces. His survival through a period of such cataclysmic change was not a question of trimming but of anticipating and, through his painterly insight, capturing the mood of the moment with monumental precision.

Nowhere was this more true than in his early masterpiece, "The Oath of the Horatii". The fact that there never was such an oath nor such a moment in Corneille's *Horace*, which the painting appears to be depicting, in no way detracts from its historic importance. As Lawrence Cowling puts it in *Paintings in the Louvre*, "... David had arrived at a cumulative personification of resolve. He created figures that still stand rigid and quivering with their sheer figurative quality. The oath of the Horatii the story that was never told about an oath that was never sworn - was an ideal abstraction of resolution and ultimately of revolution, too. It is the single pictorial imagining that ranks with the major determinants of history."

CITIZENS: A Chronicle of the French Revolution by Simon Schama

Viking £20.00, 948 pages

Simon Schama would have no quarrel with that. In his wonderfully rich and rewarding *Citizens: A Chronicle of the French Revolution*, he continually identifies visual images, histrionic gestures, flights of rhetoric, examples from history and literature such as the *Prométhée* will, popular songs, the new anthem, *La Marseillaise* - indeed, the entire sign language of the Revolution.

The one public gesture which the Revolution had a positive obsession with was the ceremony of oath-taking. Six years after his death, the Horatii, David made a drawing of another solemn oath-taking; but, this time, one that really took place and had momentous consequences.

It was the famous Tennis Court Oath. The National Assembly, convened at Versailles had found itself locked out of the Salle de Menus Plaisirs by workmen re-arranging it for the presence of the royal council.

Misinterpreting this as an attempt at dissolution, the deputies removed themselves to a nearby tennis court (the enclosed kind in which "real" tennis is played) and swore a solemn oath "to God and the Patrie never to be separated until we have formed a solid and equitable Constitution as our con-

stituents have asked us to." Schama describes this as "a gesture of sheer genius" because it meant that the assembly ceased to be tied to any particular location. "Wherever they were gathered would be the National Assembly." It was one more step towards the shift of power from Versailles to Paris and the complete erosion of royal authority.

David shows us the jubilant mass of deputies, arms outstretched, congratulating each other across the court with the wind of change blowing in and billowing the curtains at the high windows.

The main events of the Revolution - from the emergence of the Third Estate to the storming of the Bastille, the Declaration of the Rights of Man, the Legislative Assembly and so on, until royal authority was little more than a pathetic farce - are shown in Schama's vast account as parts of a continuing narrative in which individuals play their roles upon the great stage before disappearing for good.

No one dominates the story, not even such principals as Louis XVI, whose ineptness is mercilessly exposed, and who meets his end under the guillotine with some dignity long before it is over; nor Robespierre, who only emerges halfway through and has made his exit, too, before the final curtain. We follow some of the exiles like Talleyrand and to newly independent America and to England before we are through.

Schama has proportioned his long

work with great care, starting well before the Revolution. He is concerned to show how much alteration and shift of power was occurring within the ancien régime; equally, he sees a considerable measure of continuity after the period of the Terror and the new Calendar.

"With" [he writes] "the momentous exception of the expropriation of the Church, between 1789 and 1792 the Revolution produced no significant transfer of social power. It merely accelerated trends that had been taking place over a longer period of time."

In the end, Schama concludes, bloodshed was the source of the Revolution's energy. He thinks previous historians have been unduly squeamish about the amount of bloodshed and gratuitous violence there was, and he certainly puts that right. You need a strong stomach for his final chapters.

OTHER RECENT books on the Revolution include:

THE FRENCH REVOLUTION AS SEEN BY MADAME TOUSSAUD, WITNESS EXTRAORDINARY, by Pauline Chapman, Quiller Press £12.95, 193 pages. Young Marie Groscholtz (who later became Madame Tussaud) saw it all as assistant to Dr Curtis, the celebrated sculptor in wax. A macabre but fascinating story of the *Salon de Cér* which stayed open all through the Terror and specialised in severed heads.

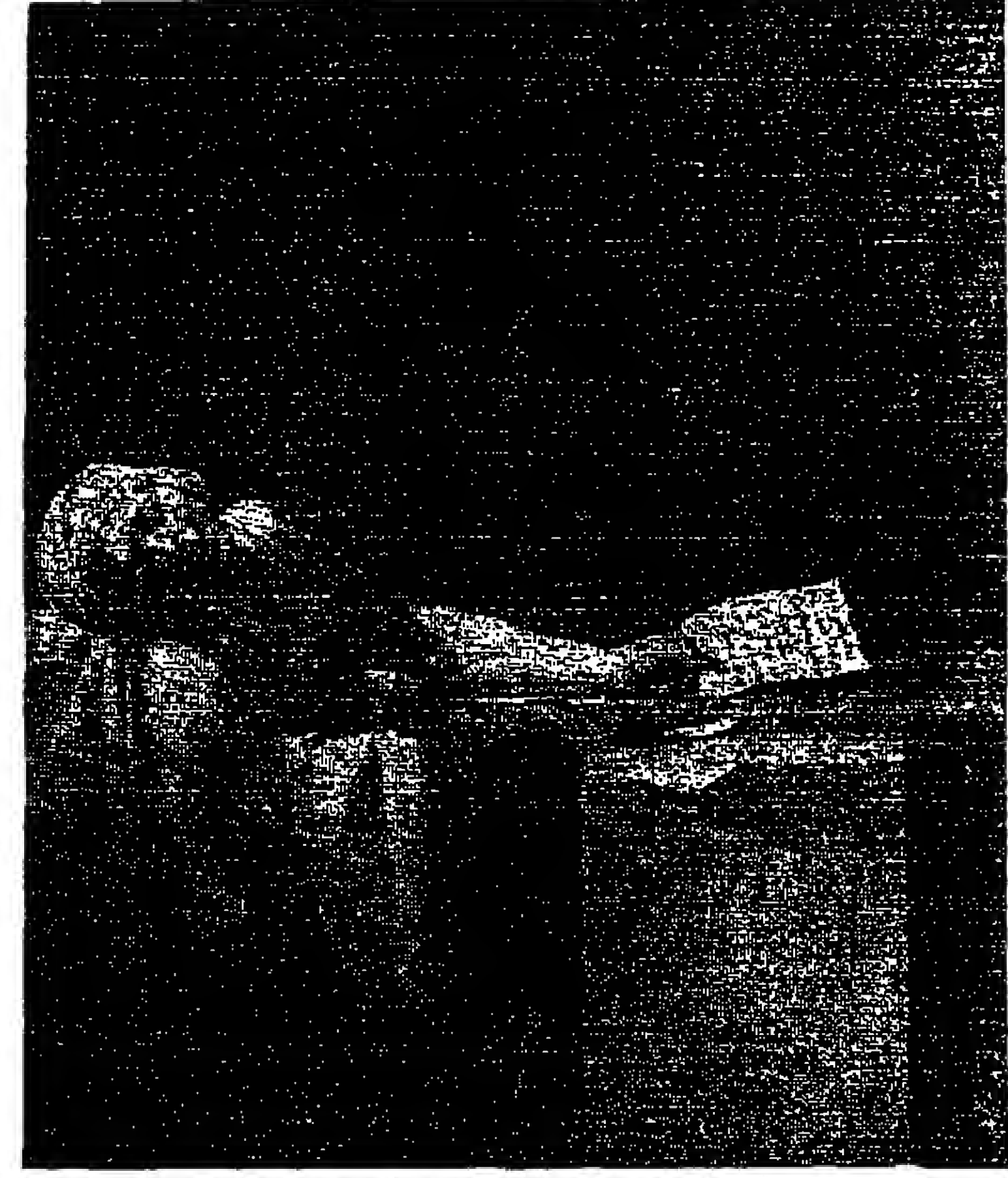
A CULTURAL HISTORY OF THE FRENCH REVOLUTION, by Emmet Kennedy, Yale UP £19.95, 463 pages. The ideologies and iconography of the Revolution are described, taking in a massive sweep of 18th century culture in Europe.

REVOLUTION AND ROMANTICISM, 1789-1834, chosen and introduced by Jonathan Wordworth, Woodstock Books (Spelsbury House, Oxford, OX7 3JR). A series of facsimile reprints of documents in English roughly contemporary with the Revolution.

These range from Coleridge's slim quarto volume of 1793 containing *Fears in Solitude*, *Frost at Midnight* and *France: An Ode* (£21.36 pages) to James Mackintosh's stirring *Vindiciae Gallicae: Defence of the French Revolution*, 1791 (£25.50, 351 pages). All are reproduced impeccably in their original type-faces; but you have to remember that "fustian" = sentiments, etc.

THE LONGMAN COMPANION TO THE FRENCH REVOLUTION, by Colin Jones, Longman £40.00, 473 pages. A well-organised and useful reference book with chronologies, maps, statistical tables, and a complete who's who of everyone who was anyone in the Revolution, by a senior lecturer in history at Exeter University.

THE OXFORD HISTORY OF THE FRENCH REVOLUTION, by William Doyle, Oxford £17.50, 466 pages. For readers who need a fairly brisk, non-digestive account of events after the accession of Louis XVI up to Napoleon and the peace of Amiens in 1802, this compact book,



Jacques-Louis David's 1783 painting "To Marat, David"

by the professor and chairman of the school of history at Bristol University, is the answer.

VOICES OF THE REVOLUTION, edited by Peter Vansittart, Collins £7.95 (paperback), 366 pages. A fully selected anthology of extracts designed to show the general reader

"how the Revolution seemed to contemporaries and much of the succeeding decade."

It begins with Diderot, Voltaire, Rousseau, contains a generous helping of Jacobin and Girondin oratory, and ends with a poem on Robespierre by Robert Lowell. Excellently done.

PUNISHMENTS by Francis King

Hamish Hamilton £11.95, 198 pages

VACANT PLACES by Stanley Middleton

Hutchinson £11.95, 238 pages

THE WIDOW by Caroline Slaughter

Heinemann £11.95, 250 pages

ISLAND PARADISE by Kathy Page

Methuen £11.95, 205 pages

HAYBALLS by Peter Timmswood

Hutchinson £11.95, 205 pages

UNLESS CHARACTERS know more about themselves at the end of a novel than at the beginning, it is an unsatisfying enterprise. No one knows this better than Francis King, who has rung the changes of revelation throughout his work and whose latest, spare moral fable,

Fiction Awkward encounters

Punishments, is a tough lesson about paying moral and emotional dues. A group of English students are by Lawrence Cowling puts it in *Paintings in the Louvre*, "... David had arrived at a cumulative personification of resolve. He created figures that still stand rigid and quivering with their sheer figurative quality. The oath of the Horatii the story that was never told about an oath that was never sworn - was an ideal abstraction of resolution and ultimately of revolution, too. It is the single pictorial imagining that ranks with the major determinants of history."

hoping and blithely oblivious, are made uncomfortable. Jürgen sets up a trip to Rosenheim where, instead of the most beautiful cathedral in Germany, the young people have their noses rubbed in total devastation. Punishment, as one character says, is showing people what they are really like; and it is even more punishing, as Francis King demonstrates, when they don't understand. Under a deceptively sparse narrative lurk unerving time-bombs.

Henry is an accountant in his brother-in-law's haulage business and a serious, small-time writer of radio plays; his younger brother is a dissatisfied teacher. Henry's marriage has ended; his wife is now pursuing a successful business career. Jim's marriage cracks; their old father dies. Henry and his wife try to come to terms again. So what's new?

Michael's punishment is only part of what goes on in this apparently straightforward account of awkward encounters. The shambling superiority of the mawkish English students and their mentors is set against the unfathomable resentment of the Germans. The English, clod-

Treading warily around the emotions is what Stanley Middleton does best. His hero, Henry, realises after a partial reconciliation with his ex-wife: "The world had not been turned upside down." Worlds are not turned upside down in this author's novels but, for all that, he remains one of this country's finest fictional heart specialists as well as the definitive chronicler of a certain kind of provincial milieu, reaching parts untouched by other seers. In *Vacant Places*, we are a long way from adultery in NW3.

Since this is Stanley Middleton, every detail counts: the skilful illusion of realism (cups of tea, walks in the park, pube) turns out to have unlikely, telling, vitalising detail, the waywardness of life. From this Chekhovian richness, Middleton teases out the threads of perception and action which dictate how real people behave. Caroline Slaughter has always seemed to teeter on the edge of silliness, even in her most accomplished novels. *The Widow* is a splendid mixture of s-f, grand guignol and pop psychology. Bella, the widow of the title, is a totally unbelievable, exqui-



Illustration from the book cover of *Punishments*

sitely well-organised, beautiful, intelligent, rich, mysterious, world-famous, humble country heart surgeon and mother-of-four who has a Past. Joseph, a less well-organised prison psychiatrist, falls under her spell and the suspense nearly kills him. Honour forbids me to reveal more of a rattling good plot, based on an essentially incredible premise. You must take it all with huge pinches of salt and treat it as the feminist it is. But for all Slaughter's excellently contrived (and frilly) effects, methinks the lady doth protest

too much. Kathy Page is a young writer to watch. Her latest novel is an unconfidently uncompromising, bleak vision of a future after nuclear arms have been outlawed and universal peace has been negotiated. There is a price to pay: gradually, it emerges that this price is voluntary death after Age Counselling. The heroine rebels, longs for previous freedoms. And all is not as it seems in the councils of the great powers. Too much of the book is elliptical, obscure and confusing at the expense of a minimal plot, but the vision is there and the writing often has real power.

Hayballs, on the other hand, is a funny book about the very un-Ambridge activities in the village of Winterleaf Gunner to which Brigadier Engage, a by-now-famous Tinswood creation, his daughter Nancy and son William have repaired. The action revolves round the character of Winston Hayballs (presently guest-appearing on Radio 4), a nascent mixture of autodidact and rural rake who raises a few laughs but is basically a one-note joke. Laughing at country bumpkins apeing town manners is an old English custom. It will sell very well.

Mary Hope

Surgical success story

SIR FREDERICK TREVES: THE EXTRAORDINARY EDWARDIAN by Stephen Trombley

Routledge £19.95, 218 pages

SEVENTY YEARS of a very colourful and controversial life have been crammed into the pages of this biography which is by modern standards, extremely short. Sir Frederick Treves (1853-1922), a celebrated surgeon, reformer and travel writer, did in fact pen an autobiography late in life, but wrestled the manuscript from his startled publisher after he was advised against including details of his patients. On his death the manuscript was passed to Lady Treves who, in accordance with her late husband's wishes, destroyed it along with case books and other papers.

This presents a considerable drawback to the biographer since, as Stephen Trombley explains in his foreword, any real intimacy with his subject is foreclosed. What he essays instead - and manages very adroitly - is both a composite portrait based on personal reminiscences and Treves' published work, combined with a glimpse of an age which grows in Treves' mind as it recedes in time. For Treves, for all his good work, is still a biographer working very much on the outside. Yet, we are afforded valuable insights into Treves' character, as well as his career. He had all the arrogance of early success, and his appetite for order reveals him as one who put patriotic ideals before common decency.

Anthony Quinn

IT IS tempting to think of last year's Education Reform Act as the epitaph for the wave of popular dissatisfaction with Britain's schools which gathered pace in the mid-1970s. It would be only natural for the reforming impulse to lie dormant until the Act's many measures have been absorbed. Yet, this may be a mistaken way of looking at what is happening to Britain's schools. The Act might turn out to be just one particular milestone, however important, on the way to a wholly different education system.

Schools of thought

TOO LITTLE, TOO LATE by John Rae

Collins £12.95, 189 pages

believes two particular trends have a long way to run. First, Britain's schools are still in the middle of a counter-revolutionary swing against the progressive orthodoxies which gripped education in the past two decades - the child-centred attacks on streaming, examinations, traditional discipline and so on. Rae dismisses these progressive fads as a

"romantic episode," but he believes they still hold sway in many schools. Second, and more fundamentally, he sees Britain as only just coming to terms with the need to abandon its non-utilitarian approach to education. This has allowed teachers, until now the sole arbiters of what should be taught, to ignore the country's economic failure means it can no longer afford the luxury of this approach; it has to harness its educational system to the dictates of production. Oddly, for a book which tries

to re-think Britain's school system from scratch, Rae moves on from these general considerations to a rather ill-assorted pot-pourri of recommendations. Some of Rae's prescriptions highlight clear weaknesses in the Government's reforms: the book contains, for instance, a powerful critique of the failure to think through the central role of the head teacher. But others are impractical: he suggests that "we" (the Conservative Government?) should try to persuade leading public schools to move voluntarily into the state sector or to

restrict their intake to 16-18 year olds. The trouble is that this well-written, but unsatisfactory, book skates round a central point. Britain's education system has been failing the country not, as Rae sometimes seems to assert, because it has taught the wrong things or has the wrong structure (Rae is very keen that it should be a national system). The failings are more basic - the inability of the teaching force to ensure that enough young people emerge from their years of compulsory schooling adequately literate and numerate, let alone speaking a foreign language and understanding a science. To be fair, Rae does at times point to the low percentage of



John Rae

pupils staying on post-16 as the key weakness of the British system. It is a pity he did not write a book addressing that target head-on.

David Thomas

BOOKS OF THE MONTH

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THE LEGAL 500 by John Pritchard. The comprehensive guide to commercial solicitors (and London's foreign firms). The definitive handbook on solicitors - for anyone who has lawyers on a regular basis - the annual handbook that no one involved in the law can afford to be without. (The Times) 228 pp. £2.18 plus postage. Legalpress, Contact Carol Barnes on 01 358 1100

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Crime Menu for murder

A DEEPE COFFYN by Janet Laurence

Macmillan £10.95, 219 pages

NOT AS FAR AS VELMA by Nicolas Freeling

Andri Deutsch £10.95, 234 pages

A BOUQUET OF THORNS by John Sherwood

Macmillan £10.95, 206 pages

DARINA LISLE is a cultivated, attractive young woman who cooks for a living. For the most part she does the dinners, executive luncheons, receptions. But now, in Janet Laurence's *A Deepe Coffyn*, she has been asked to provide the meals for a weekend gathering of the Society of Historical Gastronomes, an association of scholars interested in the cookery of the past.

As Darina does her bit, unsavoury aspects of the weekend begin to develop, culminating in two murders. While she continues to feed the surviving - now suspect - gastronomes, as well as the police team and a TV crew, she works out the identity of the guilty food freak. Darina's debut performance is immediately appealing; she should return soon.

You either like Castang, Nicolas Freeling's recurrent protagonist, or you don't. In either case, it is not likely you will find this new adventure, *Not as Far as Velma*, one of his best. It is even more discursive than usual, and the amount of extraneous information crushes the otherwise ingenious story.

On being widowed, still youthful Celia Grant retired to the village of Melbury and

Crime Hungarians today are likely to surrender to unrestrained nostalgia when recalling the Habsburg ancien régime. Those were the days! When will such independence and prosperity return? The important part played by Hungarian nationalism in destroying the old empire has been conveniently forgotten.

John Lukacs is a Hungarian who emigrated to the US after the last war. An outstanding historian, he knows Hungarian defects well and makes no defence of nationalist attitudes towards German or other minorities, such as Croats and Jews. Magyars perhaps think (or thought) of other minorities as being that little bit less than their equal. Budapest in 1900 was, nonetheless, a wonderful city in which to be alive and Lukacs does it justice, evoking a splendid and creative place and time.

Successful political arrangements with Vienna allowed the city to quadruple in size during the last quarter of the 19th century. A royal palace and a parliament, new bridges, the opera, a stock exchange and the handsome Andrássy Avenue (now one more recovering its name, having been Stalin Avenue in its day) gave a cosmopolitan grandeur which suited the spectacular natural setting on the Danube. Ogdan Lechner was an architect as formative in his designs for Budapest as Otto Wagner was in Vienna. Among the novelties were electric locomotives

Sweet and sour

BUDAPEST 1900 by John Lukacs

Weidenfeld & Nicolson £16.95, 255 pages

and subways. The aristocracy dominated the city. It contained great men like Istvan Szechenyi, Deak and Baron Bötvös, as well as those who did little more than inherit estates. Nor should one omit to mention Count Karolyi, who so incompetently brought the whole structure down after the first war. Hungary also had its gentry, borrowing the term from England, and it included Endre Ady and Gyula Krudy, whom Lukacs values very highly as writers. Standards of education were astonishingly high, with Latin still a living language to those with claims to culture. The number of men who were to make international reputations is also exceptional. Here are portraits of the painter, Munkacsy, composers Bartok

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and Kodaly and Ferenc Molnar the playwright, amid a coffee-house throng of others. The Jewish contribution to the intellectual and social ferment is crucial but has been somewhat underplayed. In every sphere Jews were assimilating fast, abandoning German or other languages in favour of the native Magyar. Liberalism in the 19th century allowed them this entry everywhere, and the energies released so suddenly in part caused the anti-Semitic backlash that ensued.

Round about 1900, Lukacs thinks, society began to polarise into Left and Right, in parliament and in intellectual outlook, as well as on the streets, in strikes, and between Jews and Magyars. By then, Budapest had become so dominant that its troubles would be those of the entire country, and provincial centres and other outside influences would be powerless. More ominous for the future, Germany and its spirit of nationalism came to

be perceived as a model to be admired.

In addition to the experience of Nazism, Britain has known two Communist take-overs: by Bela Kun in 1919 and by the Soviets in 1948. The Hungarian heritage has become sadly skeletal in form but, if Lukacs is right, there is an enduring national spirit upon which to base independence. This book offers the insight that Hungarian nostalgia is a good deal more political in intention than it might seem.

David Pryce-Jones

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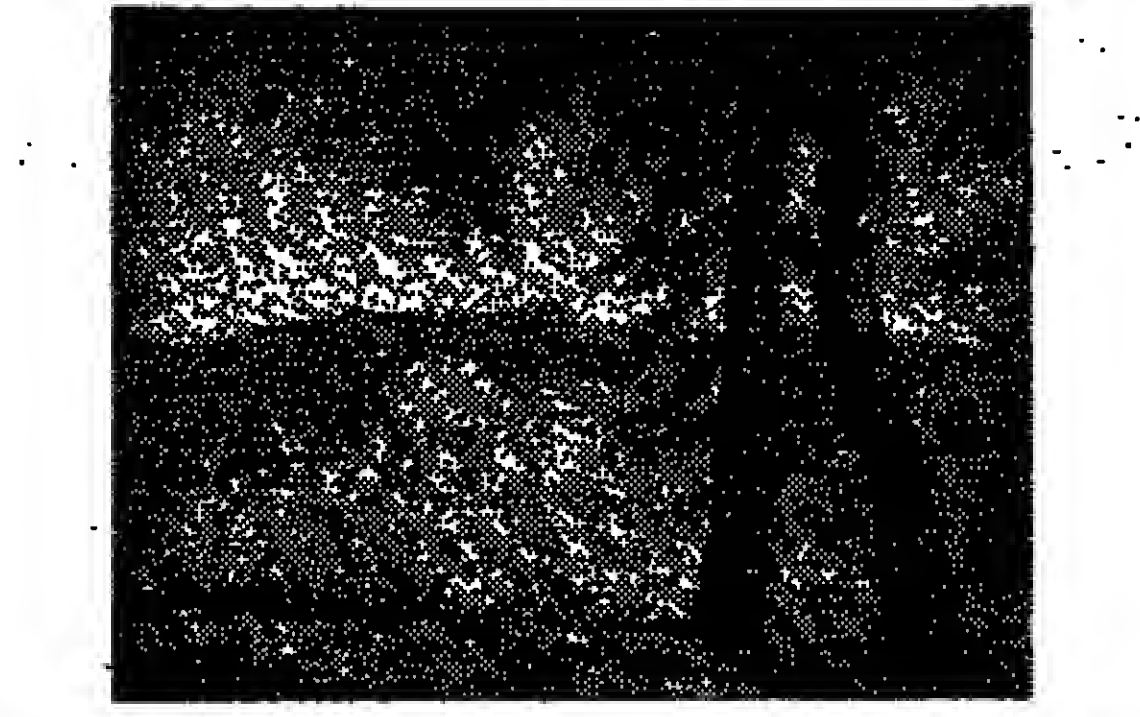
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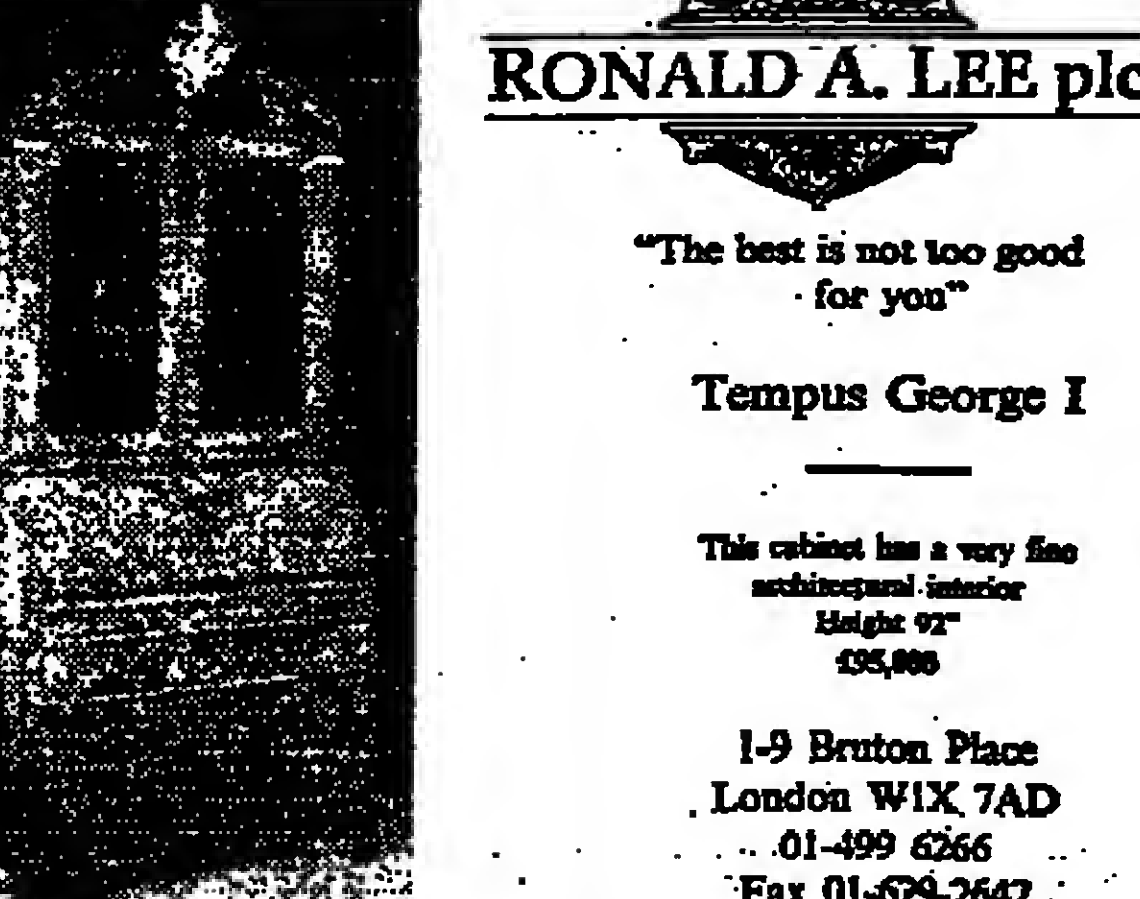
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COLLECTING

THE inexorable rise in the value of the dollar should encourage the UK's antique dealers to polish up their furniture and their silver, their pictures and their porcelain, that little bit harder next week as they prepare for the few days of the year when, briefly, London regains its undisputed position as the world's leading art market.

The Americans, who traditionally bought around half the stock of many leading British dealers, have been thin on the ground in the last three years, their confidence shaken by an ailing dollar and airline bomb scares.

Their contribution to the prosperity of dealers has fallen to around 30 per cent of sales and only the growth of local buying, inspired by a booming Stock Exchange and tax cuts, plus strong continental interest, has kept the antique dealers in comparative clover.

But Mr Charles Clark, president of the British Antique Dealers Association, reviewing a market which has been good but patchy in the last six months, expects the Americans to be back in force this month - and just in time. For fears of a recession could discourage the new British collectors, who have been spending their lower taxed incomes on acquiring modern British pictures and English furniture in particular, and, who, in their modest way, have kept the stock turning over.



Albert Ludovick's "A young lady reading a book on board a yacht" will be on show at the Grosvenor House fair

Time to start polishing
 Antony Thorncroft says the Americans are back in town

Despite the headline-catching record prices paid in the salerooms for masterpieces, (usually by Japanese in New York for French Impressionists) business at the local antique shop has not been brilliant, especially the level of demand for run of the mill objects. Still, this month at least, there is money whirling around the economy, and demand for top quality, rare and unusual items should continue. It may be investment rather than connoisseur buying, but that hardly worries the trade.

On Thursday, the Fine Art & Antiques Fair opens at Olympia for 11 days (but not Monday, June 12) with more than 340 dealers selling, well, everything - from Egyptian jewellery dating to 1500 BC on the Toroscheshel stand, to what is claimed to be the largest collection of 19th century portraits of animals at Iona Antiques, to Louis XIV board games at the Barnsbury Gallery.

Olympia is probably the largest vetted antique fair in Europe and attracted 28,000 and visitors last year. It is a must for the serious collector, with

prices ranging from £10 to over £10,000. Much of the early buying will take place between dealers, and the very best of the bargains might appear from June 15 at that grander, but more overpowering event, the Grosvenor House Antiques Fair.

Grosvenor House has an unchanging splendour, and is undoubtedly aimed at the seriously rich.

This year there are some important new faces among the 90-odd dealers, including Agnew, the leading Old Master dealer in the country, appearing for the first time in 30 years; Heim, another well established dealer in Old Masters; Pelham Galleries; Danny Katz, who specialises in sculpture, a sector which will be more widely represented at the fair than ever in the past; and Kate de Rothschild and Yvonne Tan Bunzl with their

Old Master drawings. With Paul de Lamerie silver on offer; Spink; paintings by Monet and Wilson Steer at Whitford & Hughes; Sino-Tibetan 14th century saddle fittings decorated with goldleaf at Bluet; and part of the famous 18th century wrought iron railings from Chesterfield House at Pelham, the Grosvenor is shaping up to be as flamboyant as ever.

No fair these days is complete without a theme, proclaimed through a loan exhibition. Olympia has embraced the French Revolution, showing off two rooms, one decorated with furnishings from the royal period between 1773 and 1789, and the other the more simple decor of the Directory era, 1795 to 1800, while Grosvenor House is going back another century to celebrate the accession of William and Mary with loans from the Dutch Royal collection.

Anyone desperate to spend money today, and with a weakness for ceramics, can pop down to the Park Lane Hotel where the International Ceramics Fair and Seminar continues until Monday evening. This is the most significant event in the calendar for the pots trade and 44 dealers from throughout the world will be displaying their best goods. If prices at Christie's English ceramics sale last week are anything to go by, the trade is in good heart. For oggling rather than for purchase are some of the finest pieces of Tang (7th to 9th centuries AD) in private hands, from the collection of Alan Hartman. It includes tomb goods, figures of attendants and animals which by their very profusion could speed the dead spirit to the seat of the ancestors.

From June 20, for three days, the world's bibliophiles have their annual reunion, at the Antiquarian Book Fair, also at the Park Lane Hotel. Among the exhibits is the finest Oscar Wilde archive to appear on the market for years, including among its 350 items almost all the special editions of Wilde's works; inscribed copies; and programmes of Wilde first nights. Bernard Shapero, who, at 26, has just become the youngest member of the ABA, is offering for £270,000.


Who with the salerooms organising tip top auctions to cash in on the visiting dealers and collectors, and all the main galleries en fête with special exhibitions, the art world is doing its best to revive the glories of the London Season. Among the exhibitions, pride of place must go to Eskenazi in Piccadilly which, from June 13, is offering ancient Chinese and Korean works of art. There is a group of archaic bronze vessels, formerly in the collection of the distinguished Swiss collector Dr Franco Vannotti. In all, the 60 objects for sale are valued at £4m.

Ackermann in Bond Street has Rowlandson drawings and the Walpole Gallery in Dover Street, Italian landscapes. At the Matthiesen Gallery in Mason's Yard there is an important display of French paintings from 1700 to 1850, while the Taylor Gallery, off Bond Street, has 20th century Irish art. The Jermy Street is holding its first major exhibition in two years, selling French and English paintings from 1700 to 1850 from schools - English historical; mythological; French 18th century portraits which have been out of fashion for some time and are consequently cheap.

And that's just for starters. Happy hunting.

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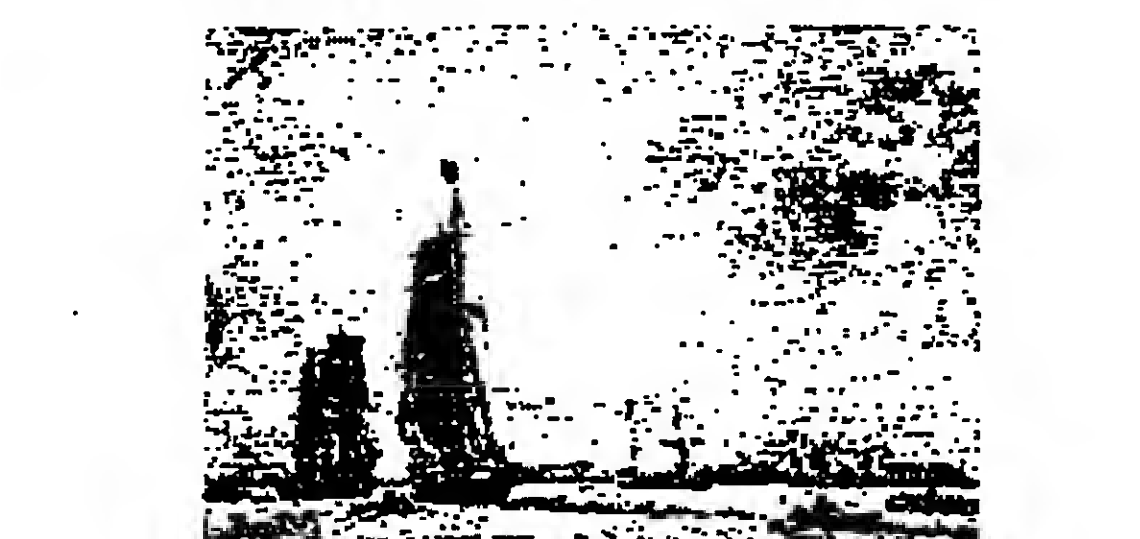
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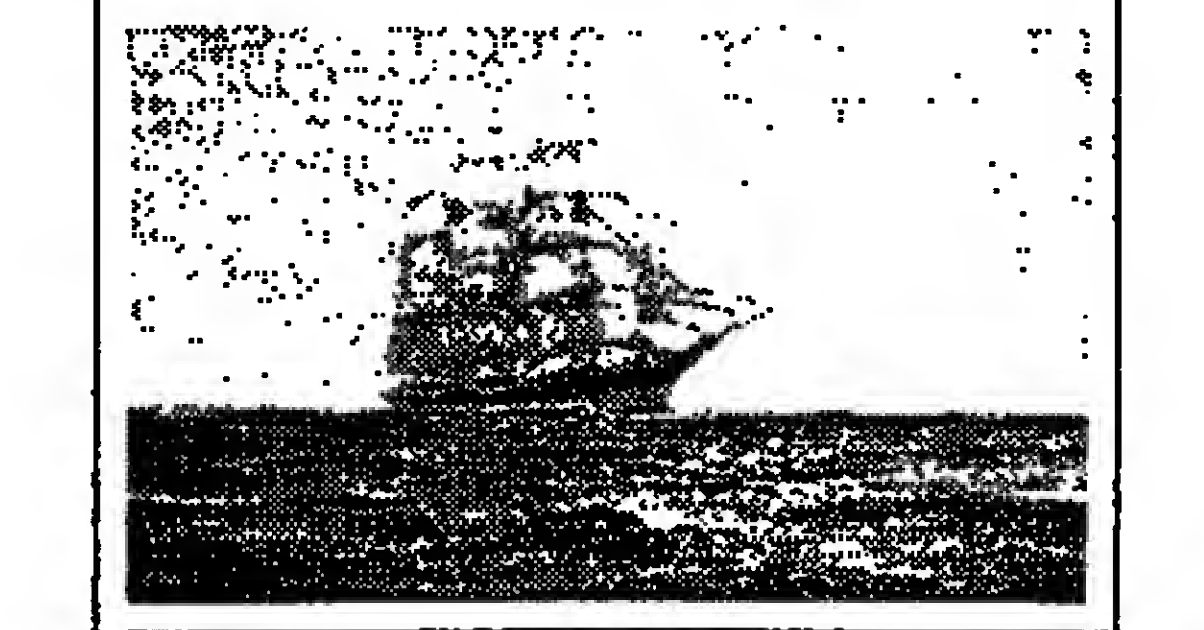
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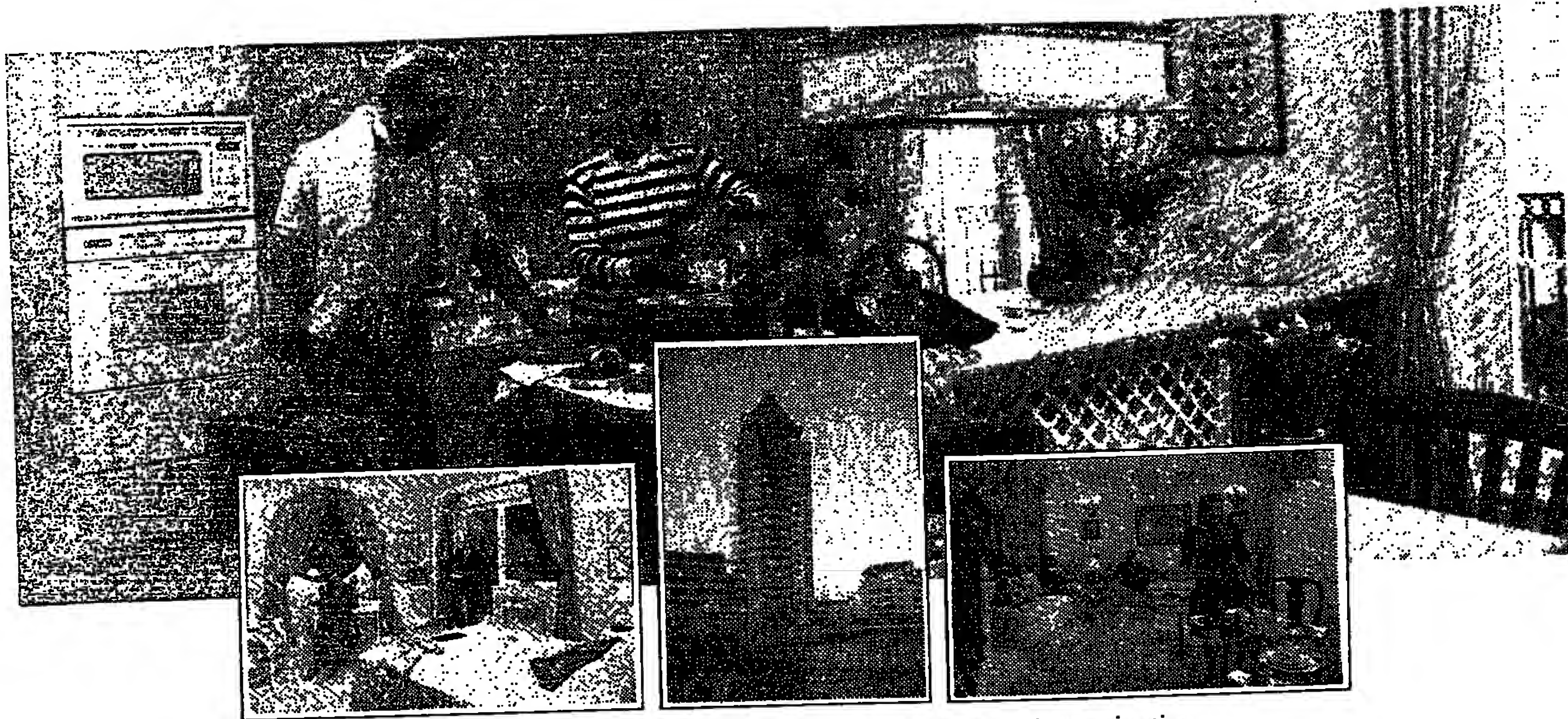


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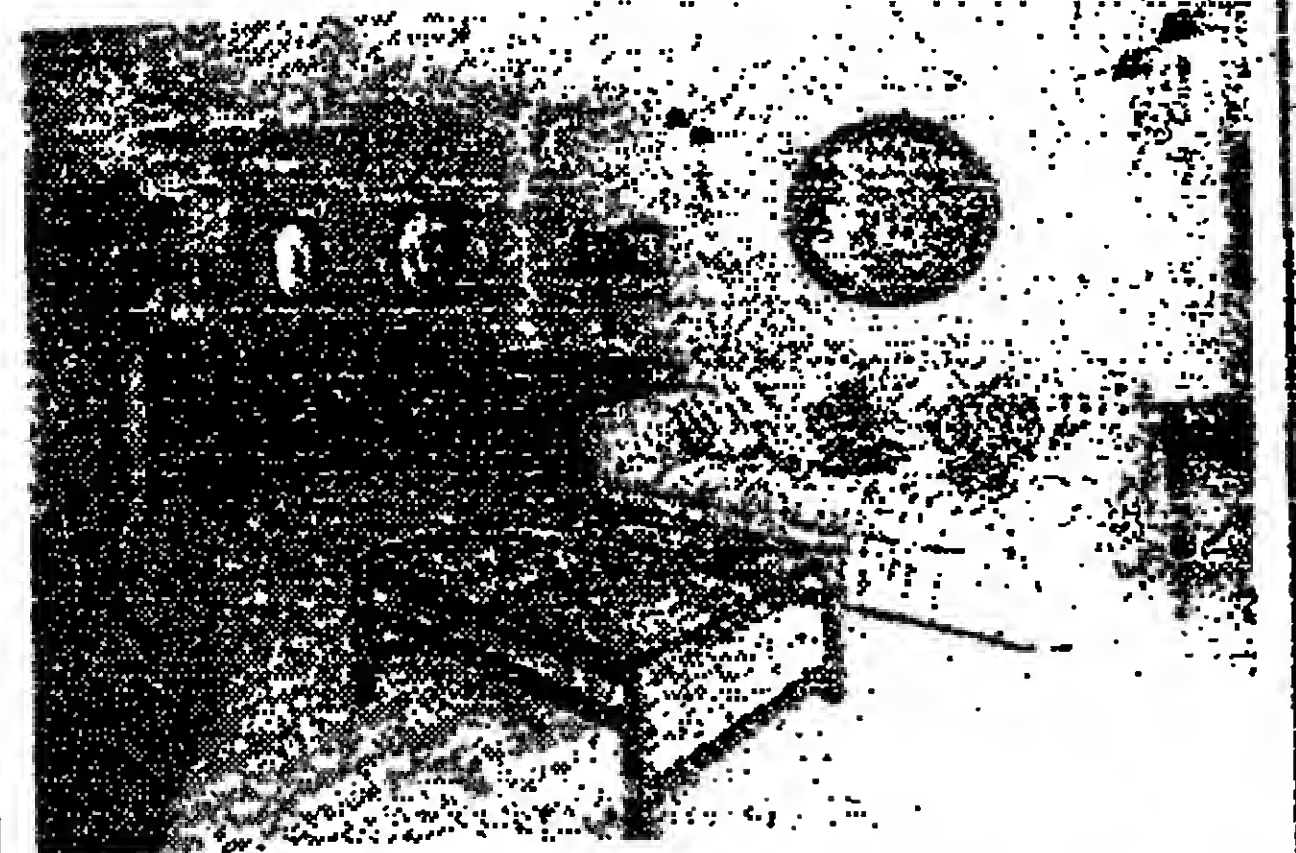
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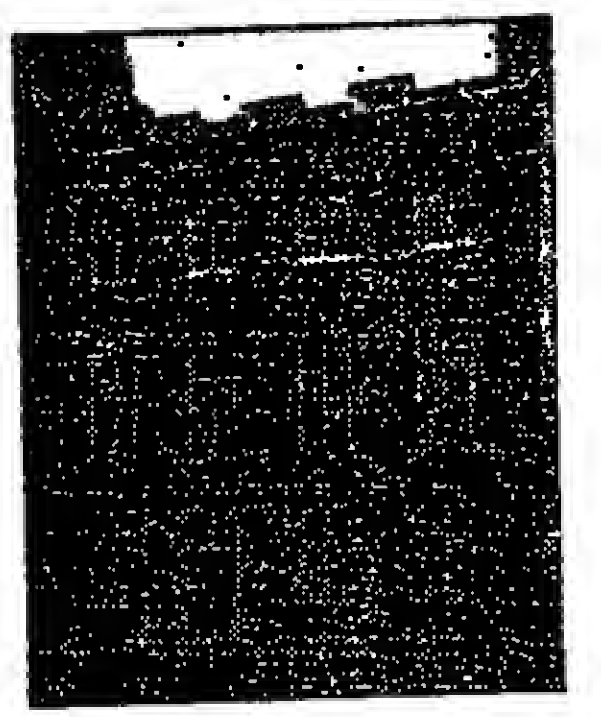
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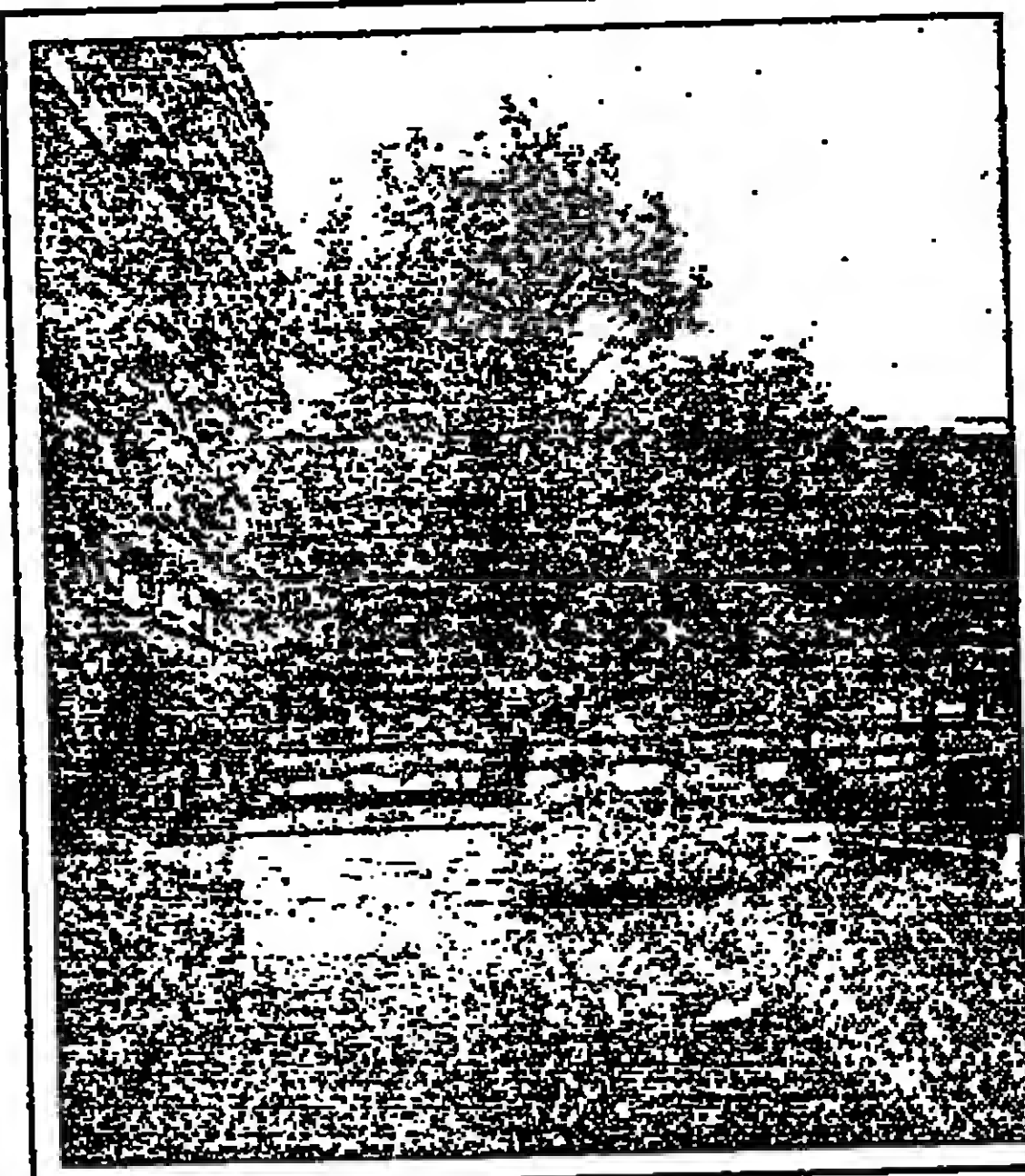
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PROPERTY

A made to measure mountain village

Audrey Powell turns her back on Spain's crowded beaches in favour of high life in the hills

TRUE, THE high and low life of Spain's Costa del Sol is entertaining. But some prefer it in limited quantities, especially in the summer.

Few of the crowds who visit that coast go into the mountainous country behind. Yet to turn off on to the Ronda road and drive three miles or so into the mountain foothills takes you into a different world. Here, on a hilltop, is a village in the making, like a white bird on a nest, where some 80 owners are already keeping in touch with life on the coast - from a discreet distance.

It must be many an amateur architect's dream to build his or her own village. It was Paco Parlade's luck to be able to do so. A Spanish landowner (with, incidentally, an English wife, from North Devon) has spent 20 years running his family's Madronal development in the Ronda mountains.

Six years ago he began developing his village - named La Heredia, after his great-grandfather. The houses were to be "real homes," not the endless repetitive development of much on the coast, and the project would be limited to about 250 properties.

There are squares and steep narrow streets in cottagey houses shoulder to shoulder in true village fashion. But each is different. Parlade designs them himself, passing the plans to his architect to sort out the mundane details.

He delights in pottering round dusty tile factories in Seville, picking out unusual versions for his houses. His father scouts for antique wrought iron gates and grilles and old studded doors from demolition sites, which he buys and stores like a squirrel, until he sees where some can be used in a property.

Inside, the houses have large living rooms, often with interesting fireplaces. Floors may be combinations of grey marble and terracotta tiles. Colourful ornamental tiles may run between the marble treads of stairs. Kitchens and bathrooms are expensively equipped.

Most houses are white with touches of colour, but a few are the mustard shade found in the soil, or the misty blue that also has local origins. Prices of the two or three bedroom properties go from £105,000 to £150,000, with an annual main-



tenance charge from £700.

Some early houses have gardens and swimming pools, but in the newer ones the emphasis is more on patios. Although a third of the buyers are permanent residents, others are businessmen, air hostesses; people who snatch brief visits, with no time for looking after things. Americans, Swiss, Germans - and some well-known British business names - are among owners.

There is a restaurant (the flavour is north African), and communal swimming pools. Some shops are to come. Later Parlade plans to build a church - to give La Heredia a "soul" - and one large house on a high point to represent "the best house in the village," although it will probably be made up of several rather grand apartments.



In 1987 Prima Inmobiliaria, a real estate group subsidiary of the Kuwait Investment Office, took a 50 per cent stake in La Heredia, and at the end of last year it took over the Guadalupe hotel, on the coast near San Pedro. The hotel has two 18 hole golf courses, where many La Heredia residents play, and a nine-hole course is being built. Prima also took over the golf courses and a housing development in the grounds (20 plots are still available).

The group intends to update the hotel and sell it and also sell shares in the golf courses. The village's residents will have an option to buy.

Bearing in mind that the crowded Costa del Sol was once just a bare shoreline with the occasional fishing village, one views the vast sweeps of undeveloped land surrounding La Heredia and wonders about its future. It is said to be green zone, but a Swedish company is building a (Ballesteros-designed) golf course in front of the village, though below it, and fringe housing is expected. Parlade himself has more land in the area, on which there will probably be small-scale development.

But, whatever happens, one can imagine a completed La Heredia sitting, like "the best house in the village," above it all, serenely undisturbed.

Properties are available from the sales office in the village, or from Knight Frank & Rutley in London (tel 01 629-8171).

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PROPERTY

John Worrall on welcome changes in Portugal How the Algarve is being born anew

THE ALGARVE has learnt by experience. Once upon a time it was innocent and sunny and decent. Now it is just sunny, and with innocence long gone it is having to work very hard on being decent.

The trouble was that its charms were too good and too available. It was ravished by north Europeans, principally the British, who depended in huge numbers and bought from British developers who had land banks to feed demand. Lack of real planning control allowed those so inclined to perpetrate blandness, mediocrity and downright awfulness.

The legacy of the 1970s and early 80s is there for all to see, in places such as Quinta do Carreira to the average British punter who needs to see 1 before a except after c). Ranks of concrete cubes and a growing shanty town on the west side have replaced the former fishing village, leaving only an old house which planners failed to acquire for the dusty dual carriageway back from the sea front. The house now swells the central reservation like an egg in the neck of a python.

That sort of thing led the English-language Algarve News recently to blurt: "It is still possible for a family to have a very good holiday in the Algarve."

With a little luck, however, the bad times are past. The

problem has at last been recognised. A recent major clampdown on development in the coastal strip and a strong emphasis on quality is changing things for the better; much needed improvements on infrastructure are also on the way.

The gateway to the Algarve for most people is Faro airport. It handled 2,573,000 passengers last year, all of whom squeezed through one terminal building, but a second building is due for completion in the autumn.

From the airport, most visitors then travel by the coast road, the N125, to their resort, and that has also had its problems through sheer volume of traffic. Things should improve there with schemes currently in hand such as the Almansil by-pass, which will remove a particularly notorious bottleneck, hopefully by the end of the year.

In the longer term, a new motorway is proposed to run west from the Spanish border, eventually connecting Seville with Lisbon. The line has not yet been finally decided,

although a start has been made on the bridge over the Guadiana river.

Fortunately for all those involved, the market had not been significantly affected by the mounting problems. It powered through last year, substantially on the back of price rises in British property which by sale or remortgage financed a vast majority of sales - Britons being by far the predominant buying race - and most agents report continuing annual increases of 20 per cent. A small but increasing trend too is for younger British families to move out and set up home and business, though other nationals, notably the Scandinavians, are beginning to show in greater numbers. None of them will be stuck for choice of location.

Among a number of current schemes in the western Algarve, local developer Helder Pires is building 18 two and three-bedroom cottages and 103 apartments at Vilabranca, close to the historic town of Lagos. The development will

also include a four-star hotel. The first phase is due for completion in September 1989. Two-bedroom apartments start at £49,000 and two-bedroom cottages at £75,000.

David Middleton of London Agent, GD Properties, says that this area is continuing to see price increases of 20 per cent with 80 per cent of buyers still coming from the UK. Vilabranca can be reached from Faro within an hour on a good day and that will improve as the new infrastructure is put into place.

In the central Algarve, meanwhile, Prowling Homes is developing a golfing resort at Balsa, close to Albufeira, about half an hour west of Faro. Adrian Phillips of Bristol-based agent Longcroft Properties says that the first phase, together with leisure facilities, has been completed and apartments in the second phase are currently being occupied. According to Phillips, "It is still possible to buy a one-bedroom apartment at Balsa Village for under £50,000 which is both a

reasonable and an affordable sum in today's market place."

Prowling also offers a "Four Owners Scheme" which differs from most timeshare in that there are only four co-owners. Prowling claims this has proved a guarantee against ill usage of the property and contents, which has sometimes been a problem with more complex ownerships. Each owner has a freehold title for a quarter of each year, made up of a pattern of weeks covering high and low season which change by rotation among the owners from year to year. Prices start from £13,000, inclusive of furnishings.

Further east again, in the area which probably learnt most from mistakes of the past, there is Dunes Douradas. This is a high quality development of luxury villas, townhouses and apartments by the Scandinavian Sande Group, located between the well-established golfing resorts of Val do Lobo and Quinta do Lago, a 20-minute drive west of Faro.

Sande is building a total of 350 units among the pines on a 77 acre site which runs down almost to the beach. Pierre Follari, the Amsterdam-based marketing director, says that 150 of the units have been sold and development is progressing at about 70 units each year.

Prices range from £99,000 to £300,000, although a majority of the properties are two-bedroom, two-bathroom apartments with prices typically at £87,000, including all taxes and also full furnishings. The latter point is particularly interesting to investors, says Follari, particularly in Hong Kong, who have recently come into the market. Many of these are buying off plan with a view to holding for investment until they abandon the colony and come to the Algarve to live.

Sande offers a full management service for such buyers. The company takes 45 per cent of gross income in return for looking after all aspects of management including advertising, security, cleaning and 24 hour reception. Follari says that owners can still see a net yield of perhaps 8 per cent, to which they can add capital appreciation of 15 or 20 per cent.

As a general footnote, buyers should be aware that purchases in Portugal attract a 10 per cent registration fee and a 2 per cent notary charge. If the deal involves a bare block of land and a building contract, those items attach to the land value but VAT then applies to building cost at 17 per cent. Many quoted prices include these taxes, but it is a point to clarify at the outset.

Fall in London average

AVERAGE house prices in London have fallen below £100,000 in the first quarter of 1989 in an all-borough average of £97,800, according to the London Research Centre.

Drawing on a borough by borough analysis of mortgage approval figures supplied by the Halifax Building Society, the centre's figures confirm the sensitivity of west central prices in London to changes in investment - as opposed to owner-occupier - sentiment.



"Every borough in the eastern half of London," the report notes, "has either shown an increase over the last quarter or only a slight fall." Islington is an exception, with an 11 per cent drop in values.

However, the fall in the volume of sales across London does make any analysis of area-by-area prices no more than a guide to trends. As IBC spokesman Peter Goodwin argues, the paucity of comparable long-run figures for London property prices and for household earnings makes any extrapolation of the past few months' events fraught with difficulties.

Still, with a review of past property price cycles, and basing his case on a 10 per cent year rise in money earnings growth, he says that, "if someone forced me to answer the two fashionable questions at the moment, this is what I would answer: The slump will last three years, during which house prices in London will remain stable."

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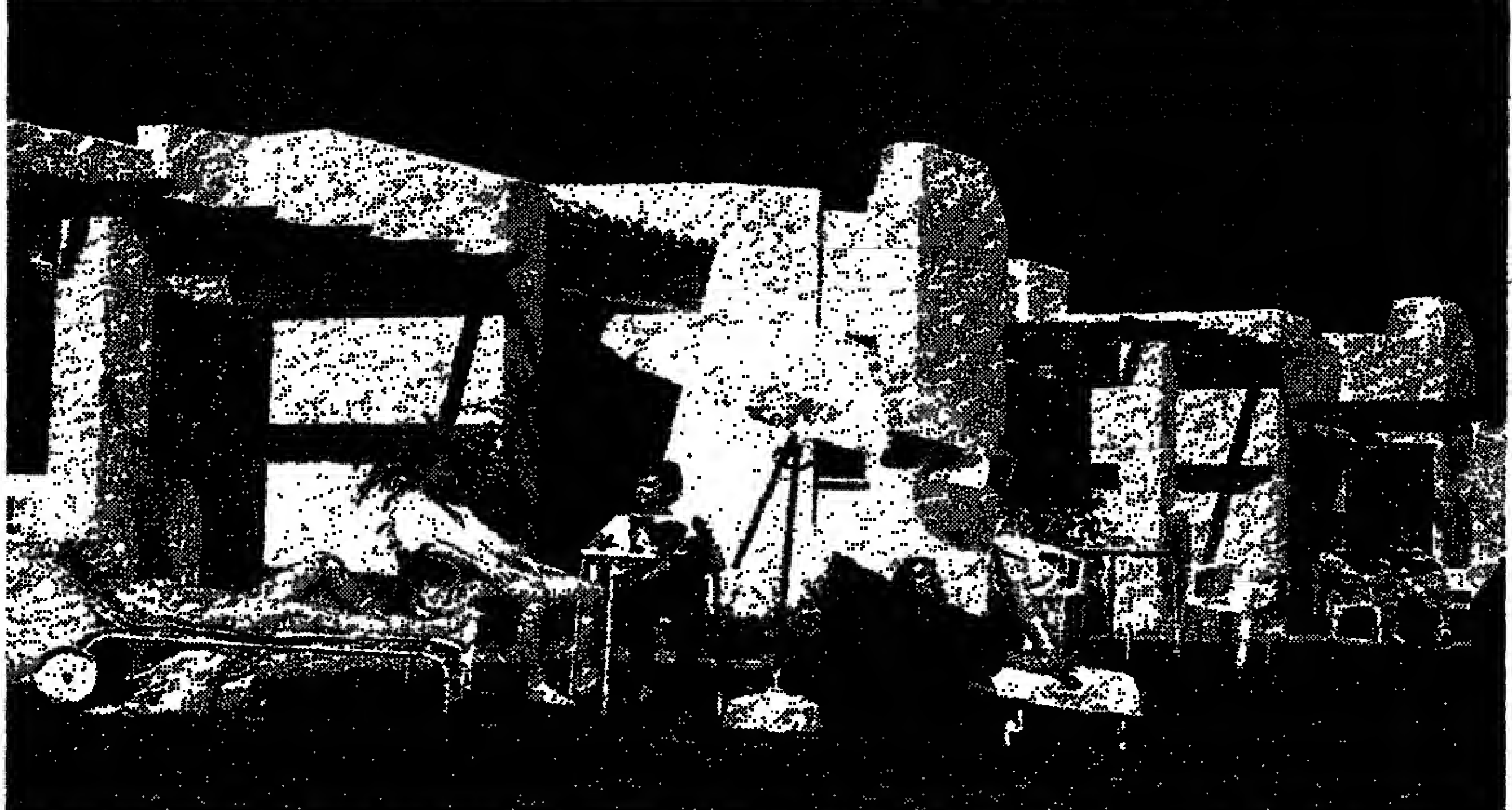
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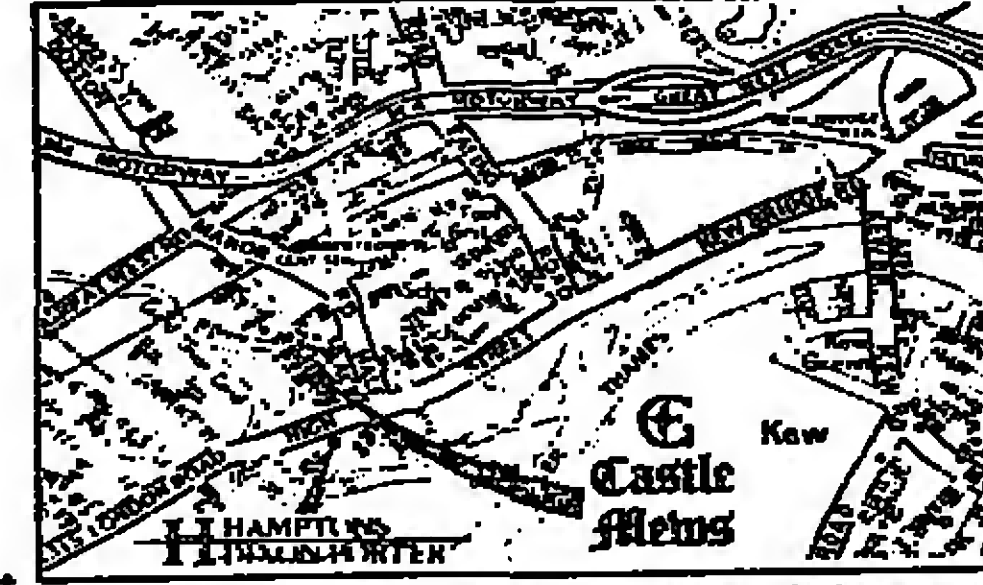
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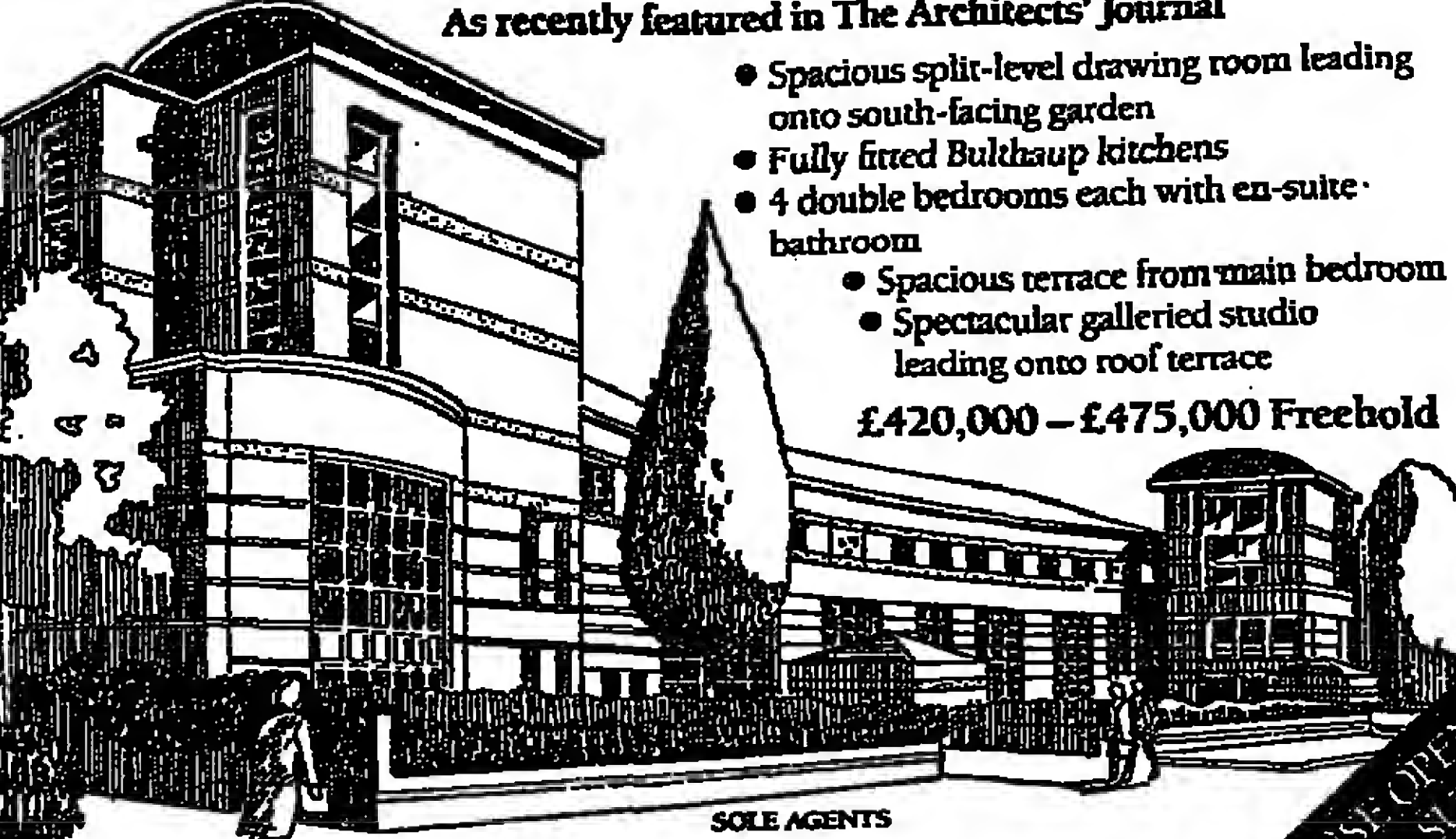
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GARDENING

Ballerina: a bit of a rotten apple

DOES NEW mean better? The week after the Chelsea Show leaves us wondering: there were Ballerina apples, yuccas, roses, and delphiniums, and ever more columns in the flowers and leaves of hardy perennials.

In leaf and branch, Ballerina is a visual disappointment. The leaves are a coarse, dull green. The trees do not taper to an elegant point but grow upwards into an awkward top. Of course, the breeders had their eyes on fruit in as narrow a space as possible, but it will be an odd garden which wants to live with Ballerina as a specimen tree in a confined space.

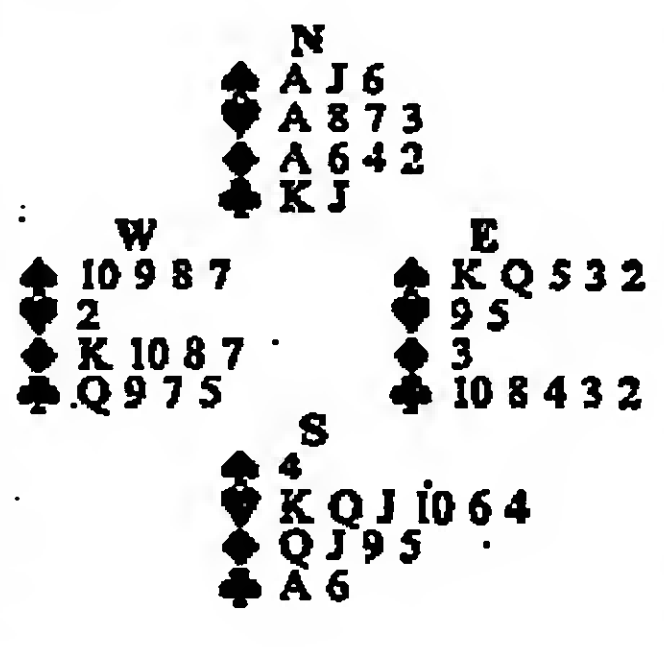


Nurseries, Diss, Norfolk. At Chelsea, it struck me as the most promising new member of their well-judged exhibit. I suspect that it is difficult to propagate, but it grows up to 5 ft high and in August runs to pink-white flowers, like bottle brushes, which are typical of the family and quite welcome at that time of year.

star-shaped yellow. By being negative, I realise I have missed several good recent varieties of which Allannah, from Fisks of Saxmundham, Suffolk, caught my eye as much for its shape as its colour. The petals are spaced widely so that the flowers are not overpowering. It has the shape of Mme Julia Corveon (if that helps you) but it is a brighter ruby-red which would show up well through the stems of well-behaved shrubs and climbers.

panion for the new white lavender Barasley. Together, they would give continuous flower and no trouble all season. Princess's flowers become smaller during the summer but they do not fade to a messy shade of pink. In hot sun they tend towards white.

BOTH HANDS today are taken from rubber bridge. The first occurred a few years ago in a game of high standard:



With both sides vulnerable, North dealt and began the bidding with one no-trump. South replied with three hearts. The opener rebid three spades (I call this the economic cue-bid because it saves bidding space, agreeing hearts as the trump suit and announcing that he holds the ace of spades).

Bridge

the very first trick - and the diamond queen was led from hand. West playing low, and held the trick. East followed with the three. South continued with the knave and this time West covered with the king.

Suppose East wins with the king. If he returns a diamond, South plays his nine. If East had four diamonds, the nine wins; if the 10 covers, the suit is breaking.

started off with one diamond, South replied with one heart. I overcalled with three clubs, North raised to three hearts, South said four hearts and all passed.

After play was over, my partner said: "I really enjoyed that defence when your two of clubs asked me to return a diamond." Bless her, I also found it most enjoyable.

E.P.C. Cotter

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Northern delights

A WEEK in Cumbria and Argyll, mainly with the aim of revisiting some gardens I had not seen for 10 years, revealed much that was excellent, a few disappointments and led to the discovery of several gardens entirely new to me.

glades. It is maintained excellently and is open occasionally in April, May and June for Scotland's Garden Scheme. From Hawkehead, we took the hard road to Ravenglass by way of the Langdales over Wrynose and Hardnot. The end in view was Muncaster Castle and its great collection of rhododendrons which, last time I was there, had become overcrowded badly.

garden-making can gain from being contrasted with something that is obviously man-made. Next morning a ferry took us to the Isle of Aran for Brodick Castle, where the rhododendrons were strangely short of flower. Then, two more ferries transported us speedily, the first to Kintyre, the second to Gigha where, nearly 40 years ago, Sir James Horlick started to create his remarkable woodland garden on an island barely seven miles long and 1.5 miles across.

returns are immense and there are some good thompsonis; but what impressed me most were the niveums, which included some of the best forms I have seen anywhere. The neat, beehive-shaped flower clusters almost always have a distinctive purple colour can be dull and stately. Not so the best of those at Stonefield Castle.

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DIVERSIONS

THE Roman Steps, to be found in the Rhinogs, a compact and intimate range 20 miles south of Snowdon, are one of the most intriguing historical landmarks of all the Welsh mountains.



The Roman Steps: an emblem of English ascendancy

Exactly who put the stones there remains one of the mysteries of Welsh history. Their sheer bravura, akin to the great Roman routes such as Watling Street and Fosse Way, gave them their name.

It is most likely that they were laid in the period when Edward I was rebuilding Harlech castle following the English victory over the Llywelyn princes, the doomed dynasty who constituted the last home rulers of Wales.

It came to be used as one of the celebrated drove roads, the drovers being - in the words of the writer Richard Sale - mediaeval cowboys, herding their cattle to market on the hoof in a manner anticipating the American west.

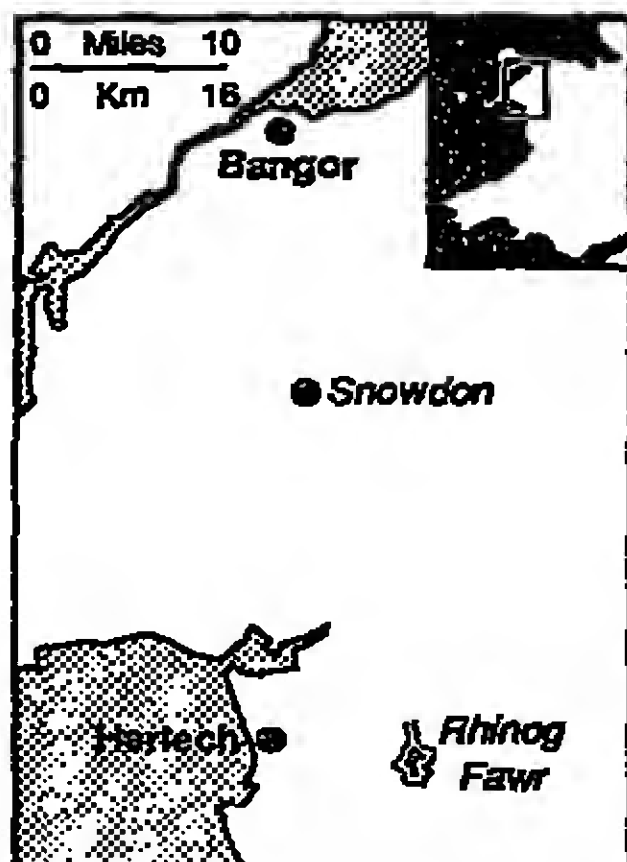
Where the lane ends beside the secluded lake, a clear, marked signpost, the walk begins beside the sheep-pens of the nearby hillfarm, climbing at first through a wood before emerging on the open hillside.

We had been gone barely half an hour when a minor disaster struck. The ground was sodden, and in searching for a firm section I led the party across a stream, a move requiring a modest jump.

Shortly afterwards we came upon the start of the steps. If

Walks Through History Steps across the ages

Peter Gillman introduces a new series with an expedition to an intriguing Welsh landmark



the Romans did indeed lay the first trail they did so with their customary eye for the most direct line, cutting directly through expanses of boggy grass and then steering among rocky outcrops. The stones themselves were astonishingly large - long enough, one historian has suggested, to accommodate all four hooves of a pack-horse in need of rest.

They were also worn and polished from the passage of feet over the centuries, so that it was with a due sense of reverence that we added ours.

ery of the Rhinogs conjured tableaux from Breugel or even Bosch.

A half-mile further on we reached the bwlch, or watershed, between the Arto and Eden Rivers. At 1,250 ft, it is marked by a substantial cairn, and it is here that the steps end.

Why they do not continue on the far side has never been satisfactorily explained, but the presence of a large plinth that serves as a vantage point to the east suggests that their prime purpose was strategic, offering both a look-out post for the English forces and a defensible position against any further local threat.

Today, a fainter path leads off from the plinth towards the summit of Rhinog Fawr, at 2,362 ft marginally higher than its neighbour Rhinog Fach. (Fawr means large, Fach means small). Paul and I did not know it at the time, but behind us Leni and Janet had set off again and were by now well into their stride. We headed off along the new path which leads across the eastern flank of Rhinog Fawr to the edge of Llyn Du - the black lake, so named from the sombre reflection of the shattered scree covering the mountain's upper reaches.

Llyn Du has a potent place in local mythology for it is supposedly formed and maintained not by rain but by the fall of dew. The lakes of the Rhinogs are magical in other ways, for they are reputedly the home of the "Other People," the ethereal descendants of the first hill-dwellers who were here before the Romans.

The Druids too are said to have made their temples in these evocative places.

We struck up a gully that headed steeply for the summit of Rhinog Fawr. By now we were in cloud, rendered more chill by an insistent wind. The summit, a purpose-built cemented cairn, was still less hospitable, even when we nestled in a dry-stone shelter close by.

We did not linger, and used our compasses to steer down Rhinog Fawr's southwest ridge and then to strike due north another lake, shown on our map as a strange glove-shaped expanse known as Glowy Llyn. Then came one of those moments of revelation that the mountains can bestow. As we emerged from the clouds the lake glistened in the monochromatic gloom, showing us the way ahead across the rough, boulder-strewn ground.

We picked up the main path that cuts a trench through the purple heather surrounding the lake. We breasted a small rise and there, 540 ft below, lay the long, confident line of the Roman Steps - and walking no less confidently down it were Leni and Janet. We plunged down the hillside and caught up with them. Although Leni's elbow was sore, she was at least dry. They were to the watershed and judged it a splendid outing for any walker - "providing they can avoid falling into the river near the start." We agreed, and the picture of the Roman Steps, cutting its sensuous path through history, has provided me with one of my sharpest mountain memories.

Final chapter

"I was helping a friend out, upping the price at an auction. I raised my finger and the shop was knocked down to me."

Parsons used to sell household supplies and pails for children to collect worms from the nearby canal. "I had the Confessions of St Augustine and some religious poems in my flat and, as we had no stock, I brought my little library in and put it on the shelves."

"One day, I came back from lunch and my finger and the shop was sold, and that started the bookshop."

Many of Dublin's great literary figures and scholars patronised Parsons over the years. Brendan Behan used to pop in for the newspaper and a chat. He was the favourite of Miss King, who admits to being in love with the written word and inhabited a confined corner over by the Penguins.

"Brendan would come in and sit on that stool. He was always polite and generous. If he had money, there would be the hobos lined up outside and he would give them something to go off to have a drink."

Patrick Kavanagh has a special place in Miss O'Flaherty's heart. "We had a young girl here once who was only 14 or 15 and he used to propose to her every time he came in. He said she had the joy of life in her face, so much expectancy. She would run to me and hide. She eventually became a nun."

Miss O'Flaherty says Kavanagh would often come into the shop to read the racing news in the lowest class of English newspapers. "He was a creative genius. He used to pick up a book, take it to the canal and bring it back. We had many customers like that. We never charged them."

Miss O'Flaherty used to work in a high class fashion shop in Dublin. At one time, she would stay up till 2am playing cards, but in recent years she followed a strict routine. Into the shop after 10am, lunch at noon in the little restaurant across the road, three hours behind the counter in the afternoon and home for a siesta.

But now, she had to admit the shop had become a little tiring. "It is very sad. I will miss it so much." The others, referred to by Miss O'Flaherty as "the girls" agreed. "It is like dismantling your life," says Miss King.

Browsers past and present will mourn the passing of Parsons. Hugh Leonard, the playwright, has written verse in the visitors' book: "Beside My Nile Miss O'Flaherty You turned the Grand Canal into a Ganges."

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Miss O'Flaherty in her bookshop: "I will miss it so much"

Eating Out Scots offer more than broth

SCOTLAND is home to many of the finest culinary resources - beef, salmon, deepwater fish and a wonderful variety of game, both on the wing and on the hoof.

Such delicacies have never been cheap, even when cooked in their simplest form - very often the best - but have served those hotels and restaurants which have consistently only served the best. Hence the continued success at the top of such august dining rooms as those at Inverloch Castle (0357-2177) just outside Fort William, or the Peat Inn (0334-301) in Fife. White Inverloch Castle can naturally provide wonderful views and baronial architecture, the service provided by David and Patricia Wilson at the Peat Inn is less dazzling, both, however, offer first-class cooking and very interesting wine lists.

There has been a similar range of produce at the opposite end of the scale - oats, haggis and herrings. This traditional fare, Scotland's social make-up, was also evident in the choice of where to eat; a few wonderful places at the top, little in the middle, and not many good places from the plethora at the cheap end. The continued success of The Ubiquitous Chip in Glasgow (041-334-5007) and Hendersons in Edinburgh (031-252-131) have been the exceptions.

This has changed in the the 1980s. Tourism is now Scotland's biggest industry, with a turnover of £2bn and employing 130,000 people. The influx of foreign custom, from the US, Japan and increasingly from Europe, and money - the Japanese now own the Turberry Hotel (0655-31000) and a share in the consortium that will develop the new airport, the Country Club at St Andrews. Fortunately, the Japanese like what Scotland has to offer, whisky and good golf in particular.

However, the Scots themselves must take a great deal of credit. The success of the marketing of Scotland abroad and raised standards at home with the same vigour as their 19th century counterparts built bridges and ships. When Glenneagles Hotel (0764-62231) was bought from British Transport Hotels in 1982, it used to close at the end of October until March. Now it is open all year and due to special interest weekends, very good all-round sporting facilities and much better cooking, is enjoying an occupancy rate of 90 per cent for the year.

Plans in hand with this has been the opening up throughout the 1980s of smaller country house hotels, run more as private houses with guests. This culminated in late 1988 with the formation of Scotland's Heritage Hotels, which represents 25 such hotels from a central office in Edinburgh (031-317-7345). Large and small hotels are also benefiting from the growth of the airports; for one couple from Frankfurt the journey to their hotel north of Oban took only an hour-and-a-half longer than a trip to the South of France.

In terms of restaurants the changes have been even more dramatic. A definite impetus was given by the relaxation of the licensing laws in Scotland in 1978, which were judiciously implemented and created restaurants and wine bars. These in turn were helped by the fact that the Scots seem to differ from the English in their eating habits in that they come in earlier, spend longer drinking and tend to stay longer at the table.

This relaxation has been augmented by two other significant changes. First, the

Eating Out

Scots offer more than broth

burgh, it would be wonderful if something similar could be made to happen at the Burrell Collection in Glasgow, where the café is as poor as the collection is wonderful.

To meet this growing demand there has been a similar growth in the number of farms able to supply good quality salmon and venison. Where the local resources are particularly good and abundant, good local cafés and restaurants do not seem far behind. The Loch Fyne Oyster Bar has opened close to the owner's own oyster beds and smokery (049-92264); close by Arbroath at Auchintie, But'n'Ben (0241-77223) serves world famous Arbroath smokies and Aberdeen Angus steaks; while the quality of the fish in Aberdeen was caught by Mrs Esther Dejean from Milan, south-west France, to open the Silver Darling (0224-676-223).

The quality of Scottish cheeses has also risen dramatically. In particular, Lismark Blue and Mull of Kintyre and demand is leading to a proliferation of goats' cheeses, some produced on a very small scale. When the chef at Glenneagles found himself bowled over by a Teviotdale goat's cheese, he had to agree to buy its total output to ensure continuity - from four goats.

For those unlucky enough not to be able to venture north of the border, it is still possible to enjoy this culinary renaissance. The Rannoch Smokery in Perthshire produces wonderful wild smoked salmon at £9.05 a lb and gravad lax at £11 a lb. (03209-839). All prices are plus postage.

Finally, there is the Scotch Malt Whisky Society in Leith (031-554-3451). Founded five years ago by Philip Hills, its aim is to buy the finest malt and to sell it, untreated, to members at cask strength.

quality here. Good length but somewhat four-square, lacking the voluptuous, exciting character Mouton normally shows. Bottles do vary, even these days when wines are bottled after vating rather than cask by cask. Readers with these leading classed-growth clarets in their cellars might well be encouraged to open them. Apart possibly from the Margaux, at least this will not be infanciate.

Edmund Penning-Roswell

Wines of Westhorpe - for more wine value BULGARIA

Price include VAT and delivery (UK mainland, any addn. Discounts vary, for fully insured business address only, 5 to 10 cases best £1.60, 11+ cases best £1.50. Full list from: Wines of Westhorpe, Field House, Church, South Court, Marchington, Staffs, ST14 6NQ. Tel. 0523 85293.

Eating Out

Scots offer more than broth

emphasis has moved away from the centres of Edinburgh and Glasgow leading to a resurgence of good eating places in residential areas. Second, the success of owner/occupier restaurants. The residents of Glasgow owe a lot to Ken McCulloch and Peter Jackson at the Colonial (041-552-1923) and to Ferrier Richardson at October (041-942-7272). Their Edinburgh counterpart is Ian Ruthven.

In 1980, Ruthven opened Skippers in Leith, a bistro in a cul-de-sac in what was then a very neglected, run down district of Edinburgh. He was accused of being mad and/or reckless - both in fact essential requirements for any budding restaurateur. Skippers was a success and prospered with the area; it was sold and he turned his attention across the narrow canal to the Waterfront Wine Bar (031-554-7457).

Leith has also become so gentrified that Ruthven finds his own development plans thwarted by the residents who have moved into Leith since he showed just how fashionable it could be. He has to be content with serving very good food at non-particularly common at lunchtime in Edinburgh, where the set menu at Pierre Victoire (031-225-1721) is £4.50 for three courses and at L'Auberge (031-556-5889) is £8.50 for two courses and coffee.

Since 1984, Ruthven has also been able to put his skills to work at the cafeteria in the Gallery of Modern Art, Edinburgh.

Wine

Time is kind to the '79s

concentrated flavour, very fine balance. A wine much enjoyed by all. Pétus. Big colour, rich, rounded bouquet, developed quite well, easy drinking and attractive, but not great character for a Pétus. All agreed that the wines, save Latour, were above expectations for a good but not outstanding year. There was little disagreement over the order of preference. This was as follows, with the total of votes included: 1. Cheval-Blanc (7); 2. Mouton-Rothschild (11); 3. Margaux (24); 4. Pétus (27); 5. Lafite and Haut-Brion (29); 6. Ausone (44); 7. Latour (45).

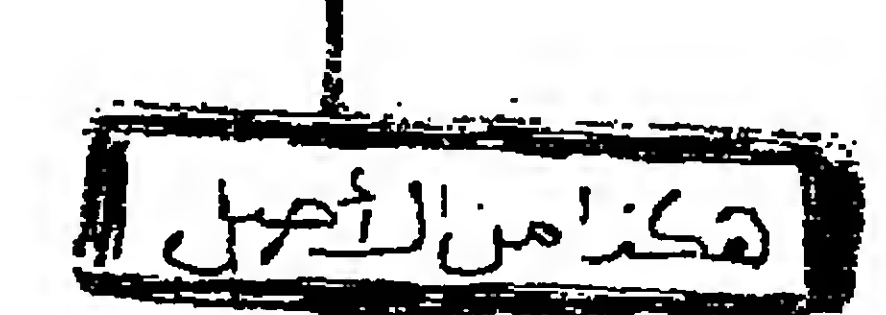
Cheval-Blanc had come out top last year with the 1978s, and now scored five firsts and six seconds, while Mouton-Rothschild's score ran from first to third. After the two most favoured wines there was a clear gap in the marking, but the next three were very close together. Although facing severe competition, Ausone did prove rather disappointing, although it takes time to improve the quality and character of a vineyard.

Latour was a disappointment and a surprise, as a big wine was expected. It has to be borne in mind that, as on all such occasions, the wines were judged on a single bottle. It so happens that a year earlier, in a big vertical tasting of Latours in the US, a distinguished English wine writer gave a very different account of the 1978: "Profound, blackcurrant nose... still a bit of the Labour austerity... a lot of concentration, depth and size for the vintage; surely one of the superstars of the vintage." Yet, in our tasting it received three sevens and three eights.

On the other hand, a more recent evaluation of the 1979 clarets by the same writer was much more critical of the Mouton-Rothschild: "Full colour rather unforthcoming on the nose - certainly has merit but I can't find real Premier Cru

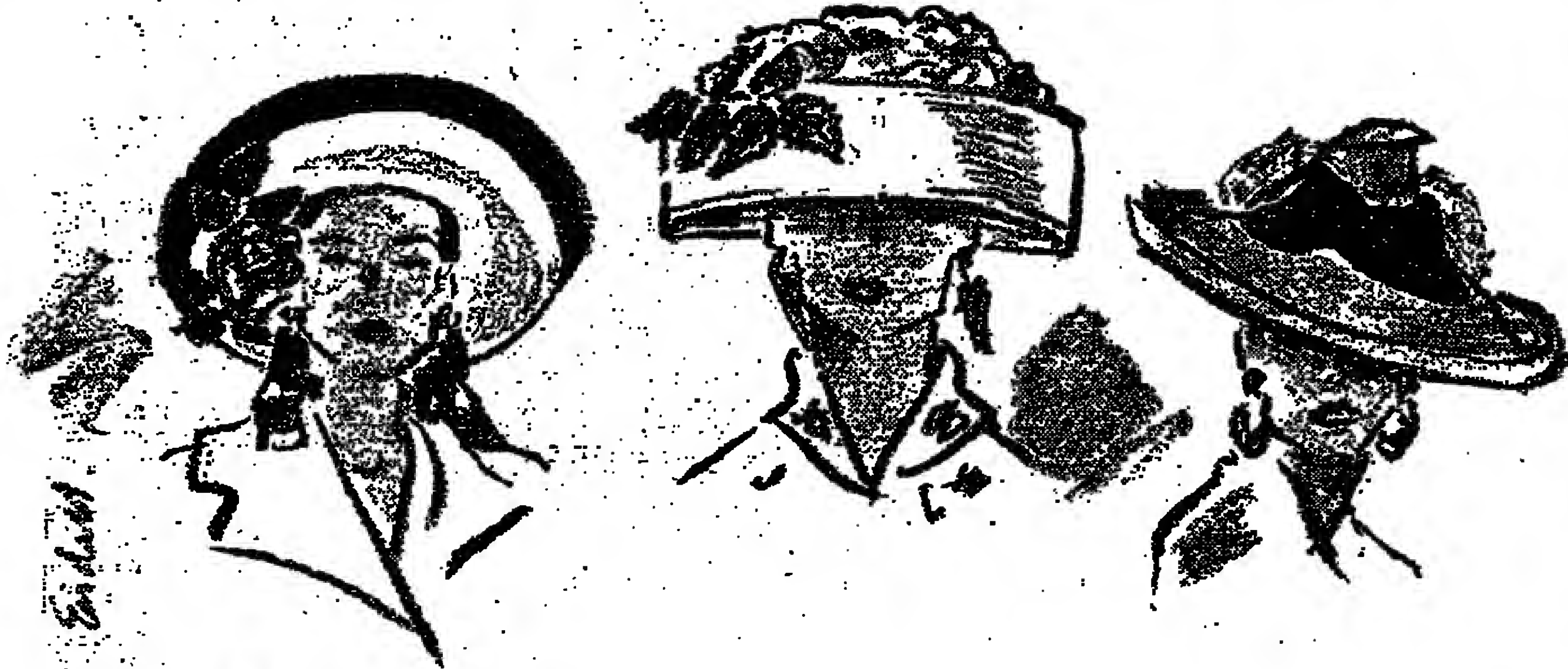
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HOW TO SPEND IT

Lucia van der Post looks at high-fashion hats and sheds some light on the conservatory craze



Hats to turn heads

THE SEASON for a proper chapeau is upon us. Even now, the ladies-who-lunch are making sure that each carefully chosen outfit has the right pair of shoes, bag, belt and - above all - a hat to turn a mere suit or frock into a fitting *numero* with which to grace the Royal Enclosure at Ascot, the green swards of Henley or the garden party.

Nowadays, however, hats do not come cheap, and if one leads the kind of life that requires a different outfit - including a different hat - for each of the four days of Ascot, then even the fattest of purses can balk at the cost.

Gilly Forge, a young milliner who started learning her craft on an Inner London Education Authority couture dressmaking course, went on to work for a few months with Freddie Fox, and just two years ago started her own business under the Enterprise Allowance Scheme, has hit on a useful idea - hiring out her hats.



Although she has been going only two years, her work has already been spotted by designers like Jean Muir, Arabellaullen, Anouka Hempel and Bellville Sassoon. Besides her work for these and other clients, Forge always has about 50 different models ready and waiting for the right customer and the right occasion.

Many come to her with a dress or suit in hand and between them, they work out which hat will provide just the right finishing touch. She will dye straw, trimmings and veiling to any colour and her made-to-order hats cost between £100 and £125.

If you really belong to the hat-wearing classes, however, she thinks it makes a lot of sense to buy a basic straw for about £20 and then hire the trimmings. Silk roses and other bits and pieces are cheap, but she can hire you a hatful for about £25. As and when other occasions arise, you could return the straw to order, using either some of her silk veiling (of which she always has a great deal) or a completely different selection of other trimmings.

If you do not often have occasion to wear a hat but you have something grand looming, it makes even more sense to hire for the day. For £25 and a refundable deposit of £50, you can borrow any one of Forge's magnificent collection; and if you give her enough time, she will trim it to match your outfit.

The hats sketched here give some idea of her style. From left to right they are: North Wall, a fine white straw

banded with navy grosgrain and sporting a large pink-rose; Days of Heaven, a white straw trimmed with a misty confection of white silk veiling and a white rose; and Marlene, a saucer number of coarser coffee-coloured straw trimmed with veiling of the same colour and a navy-blue bow.

Forge is so busy actually making the hats that she asks potential customers to telephone first for an appointment (01-503-3823). Her studio is at 14 Addison Avenue, London W11.

If you prefer more individual, one-off or even eccentric kinds of headgear, then it could be well worth your while to take a trip round the hatiers of Hyper Hyper, 26-40 Kensington High Street, London W1.

Hat fanciers may well remember that it was while strolling through Hyper Hyper that Karl Lagerfeld came upon the work of Kirsten Woodward, who has since gone on to greater fame and glory.

Hyper Hyper is where you will find the young and exuberant work of milliners just starting out on their hatting

careers. There are five hatiers working in the Hyper Hyper complex, each with a distinct "handwriting" of their own.

The ethnic theme is strong this summer - little jewelled skull caps, fezzes, tassels, bright Mexican colours and rich embroidery. Not all the hats are one-offs but they are certainly not mass-produced, so you are unlikely to meet too many friends attired similarly.

Given that prices of all the established hatiers are now exceedingly high, Hyper Hyper models seem to me reasonably priced, starting as they do at about £19 and with a large selection under £50.

If you are of the school that

doesn't believe in lashing out large sums of money on a little number that might get only a few sittings, then it is worth scouring some of the chain stores. The cardinal rule to remember is that if you are buying cheap, keep it simple - nothing cheap, keep it simple - nothing shiny veiling and shoddy trimmings.

By some historical quirk, BHS has traditionally had an excellent hat department, and this the new team has been determined not to lose. Photographed here is a splendidly bold and simple natural straw trimmed with black, navy or natural ribbon. At £15.99, it's a snip.

WHEN THE lanes are awash with a white froth of cow parsley and common hedgerow elder, the delicious frivolity of cooking with flowers seems irresistible. Old country recipes suggest picking elder and other blossoms for use in the kitchen "as soon as the dew has dried on them, before the sun blazes," and they advocate choosing those that are just opened fully. Pretty words and sound sense, too, as young flowers picked early in the day certainly have the freshest and sweetest aroma.

They advise against washing the blossoms as it robs them of much of their fragrance. Just shake the creamy masses of foaming petals well to dislodge any little insects that might be nesting in them. I would add to this counsel a reminder not to pick close to roads for fear of lead pollution, or on the fringes of fields where crops may be sprayed.

One traditional way to cook edible flowers is in batter. Elderflower fritters are, I confess, not the healthiest of foods, and they are a bit of a bore to make if you share my dislike of deep-fat frying, but they are too glorious a treat not to indulge in at least once each summer.

To serve four to six, first mix three tablespoons caster sugar with the juice of a lemon in a shallow dish. Add 18 fine blossoms, placing them heads down, and use the stalks like handles to swirl them around in the mixture. Leave to macerate for about two hours.

Make a thick batter with ¼lb plain flour, two tablespoons sunflower or safflower oil, and eight tablespoons water. When ready to cook, drain the blossoms. Beat the macerating juices into the batter, then fold in one large or two small, stiffly-whisked egg whites.

Coat and deep-fry the blossoms in batches: holding the flowers by the stalks, dip them into the batter, shake off excess, lower into a pan of oil

Cookery
Be frivolous with flowers



beaten lightly with a fork. Place over barely simmering water and cook, stirring frequently, for about 15 minutes until the eggs bind and thicken the mixture to a rich creamy consistency. Pot in small sterilised jars.

Longer lasting, and capturing the sweet summer fragrance of the blossom on its own, is elderflower syrup. To make this concentrated elixir, dissolve ¼lb sugar in 1pt water with the zest of a lemon. Bring to the boil and add 12 heads of elderflower, or 24 if you love them extravagantly. Push the flowers well down into the liquid and bring back to the boil. Cover and set aside until cold.

Then stir in the juice of the lemon, strain the syrup and bottle it. If stored in the fridge, it should keep without spoiling for nine months or more, almost tiding you over from one elderflower season to the next.

Use the syrup to flavour late summer gooseberry desserts and as the basis for autumnal mousses and jellies studded with muscat grapes. Uncork the syrup in mid-winter and memories of summer will come flooding back as you splash a few drops over pancakes or whisk them into an egg custard to pour over steamed and baked puddings.

Elderflower cordial is the thirst-quenching offspring of elderflower syrup. Make the syrup as described above but add the juice of four or five extra lemons. Bottle and store as for the syrup. Serve well chilled, diluted with just over four parts of lead water to one

CONSERVATORIES are no longer extravagant, exotic hothouses, devoted to rare botanical species and keeping the grim realities of what is usually called our temperate climate at bay.

Today, with central heating and double-glazing, the conservatory has become an extra room for anything from family breakfasts to softly-lit dinners. They range from a lean-to to extravagant rooms large enough to stage a ball. Most are in between, giving not just extra space but space with an extra dimension to it, space that provides a magical, enchanted link between outside and in. The glass conservatory has none of the limiting visual restraints of the four-walled room indoors, nor is it exposed to the rigours of outdoors. No wonder adding on a conservatory has become a great 90s pastime.

You may be happily surprised by some of the starting prices. The do-it-yourself market has increased enormously and many big DIY stores have well-priced versions. You can pay as little as £388 for the smallest (8ft by 6ft, by Halls) made from aluminium frames and horticultural glass. The largest (12ft by 8ft) is £1,536. Even the leaded glass, traditional metalwork and simplest structure, when suffused with greenery, with blooms, when lit by candles or lanterns, can generate an atmosphere of quite astonishing magic.

Those who can afford to have them custom designed and made ought to get a

Window to a new world

structure which complements the house and site. Those who long for a model with an aura of Victorian nostalgia are in luck - most companies seem to have modelled themselves on the Victorian prototypes.

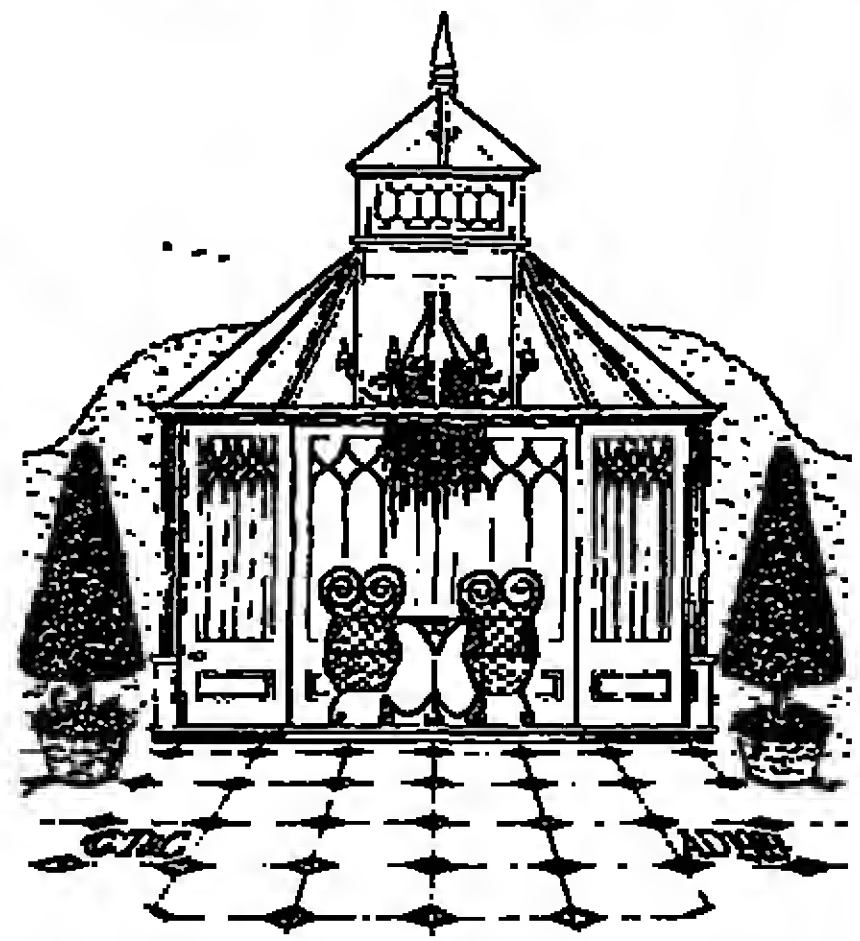
However, two companies have moved into the more esoteric Gothic style. Town & Country Conservatories builds only to order, with frames of redwood and fine glass. They have a wide variety of models, but most look authentically "period," with mouldings, patterned lantern sashes of leaded glass, traditional metalwork and graceful curves.

The conservatory sketched below left is the Gothic pavilion that Town & Country Conservatories built for House & Garden at the Chelsea Flower Show, but it illustrates their style perfectly. You should

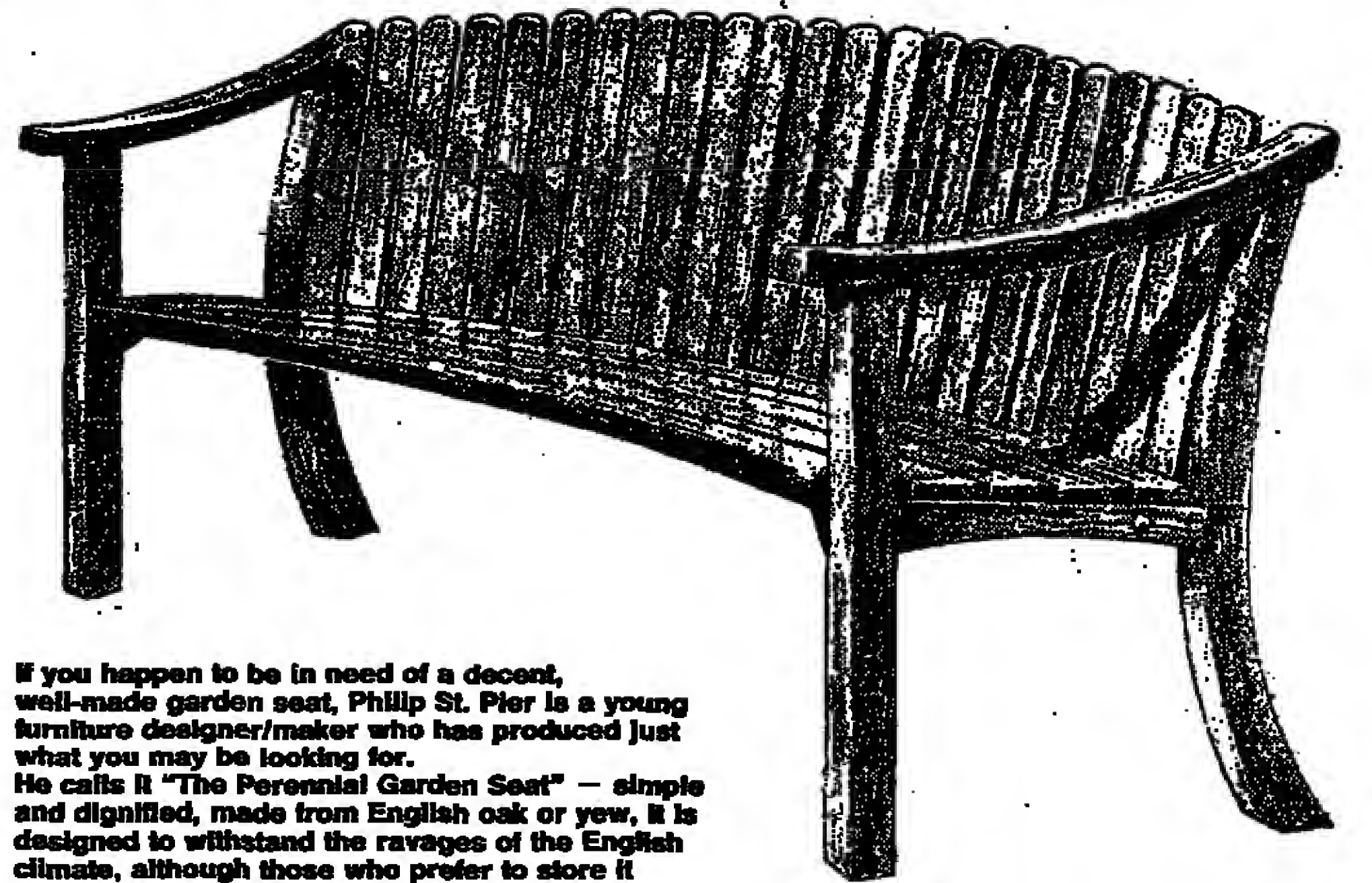
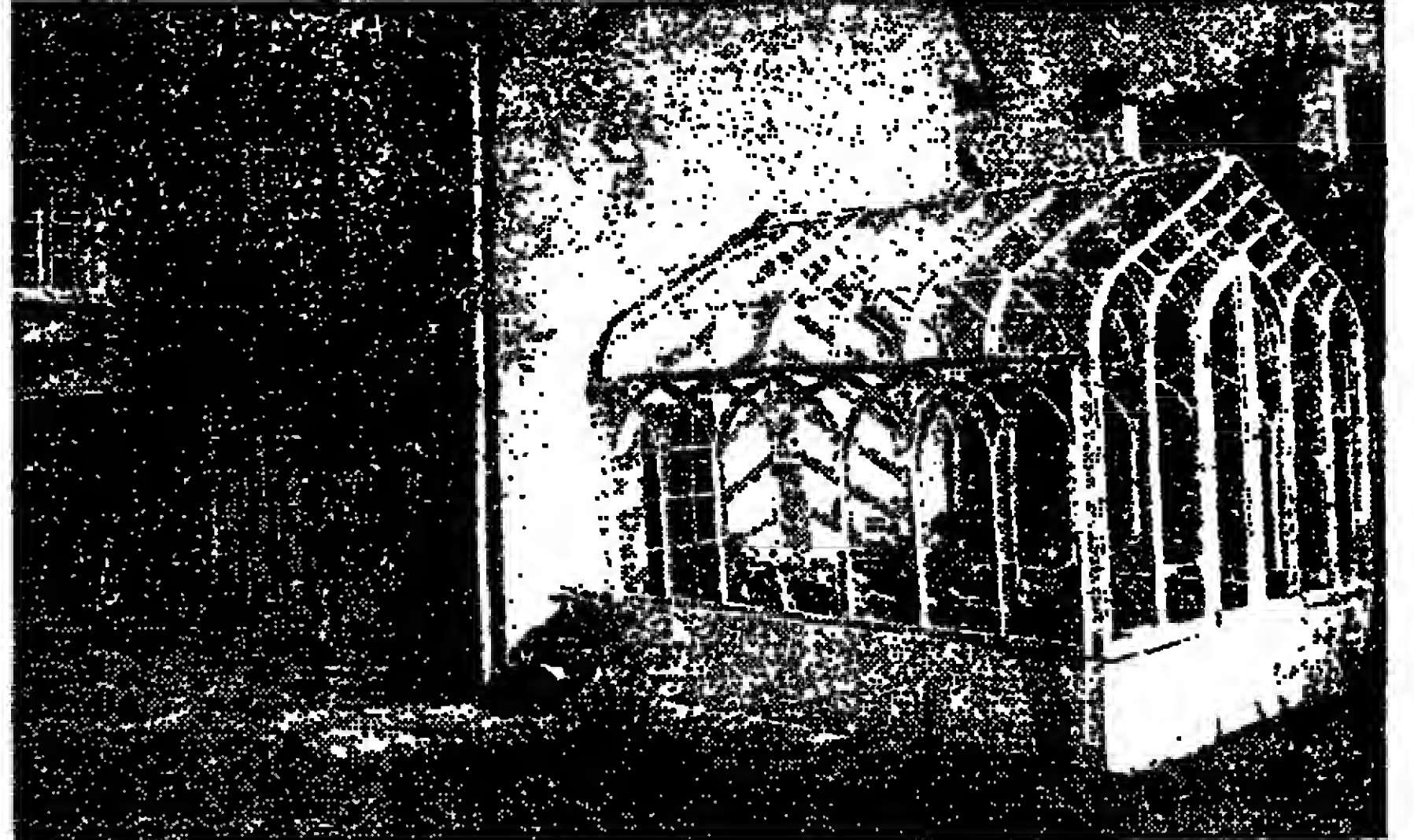
think in terms of spending at least £10,000 all in for a smallish structure, whereas if you wanted, say, a 35ft square dining-room in your garden it would probably cost between £20,000 and £30,000. Though the workshops are in Norfolk the London office is at 53 Ellington Street, London N7 (tel. 01 505-9519).

Quite different in concept are Tim Barron's Crystal Palaces. Here the Gothic effect is achieved by using a series of arches, all made of glassfibre, which never rots and needs no painting or maintenance. Glassfibre gives the structure a "period" look and lends itself to the soft curves of Gothic arches. Toughened glass is a standard feature but double glazing and roof ventilation are extras.

Though all conservatories are made to order, designs are all based on the same module and they can be ordered in any size in multiples of half a metre. There are three styles - lean-tos, low lean-tos (where the height of structural wall is a problem) and a conventional ridged design. A lean-to 3 metres by 3 metres would cost £4,495 (£5,843 with double-glazing), erection costs are about another £750. You could have a 4.5 metre by 6 metre model for £9,639 (£12,530 double glazed).



Those who prefer their household implements to be classical and traditional should look out for a company called Recollections which, among other products, is now reproducing a proper, old-fashioned watering-can. Made of galvanised steel, with a brass rose and copper rivets, it is a close copy of the Ludlow watering-can beloved of Vita Sackville-West. When new it will look a little bright, but a little exposure to the air and it will mellow splendidly. There are two sizes, one gallon (£29.95) and ½ gallon (£15.95), by mail order from Recollections, 15, Queen Anne's Gate, London SW1H 9BU. Until the company gears up to full production, delivery may take up to eight weeks.



If you happen to be in need of a decent, well-made garden seat, Philip St. Pier is a young furniture designer/maker who has produced just what you may be looking for. He calls it "The Perennial Garden Seat" - simple and dignified, made from English oak or yew, it is designed to withstand the ravages of the English climate, although those who prefer to store it throughout the cold winter months can take it apart, treat it with oil and stow it away safely. The seat costs £433 (plus VAT) and is made to order from St. Pier Custom Built Furniture, Street Farm Workshops, Acton Turville, Avon GL9 1HH (Tel. 045 421-736).

Drawing by James Ferguson

DAVID GOWER AND CHARLOTTE RAMPLING TOGETHER (AND NOT ONE MENTION OF GOOGLIES).



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Philippa Davenport

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ARTS

World of the medieval

Antony Thorncroft reviews *Piers the Plowman* at Riverside Studios

THE MEDIEVAL Players are a touring troupe who look for their repertoire in the drama of the 16th century and earlier. *Piers the Plowman* must have had an irresistible fascination for them: the greatest surviving English poem of the 14th century and, through its allegorical symbolism, an attack on monetarist values to inspire any fringe actor's heart.

AMID ALL the brouhaha of Thursday night's opening at the Phoenix Theatre of the Peter Hall Company's new production of *The Merchant of Venice* - "Did you see Mary Archer smiling late?" "Doesn't Joan Collins look marvellous in a peculiar sort of way?" "I'm sitting next to Tom Stoppard". "Christopher Biggins is sitting next to Peggy Mount". "Which one is Christopher Biggins?" - surprise was being expressed that Dustin Hoffman could actually walk on the stage as Shylock and not fall over.

Hoffman's Shylock

Michael Coveney reviews *The Merchant of Venice*



Leigh Lawson and Dustin Hoffman in Peter Hall's new production at the Phoenix Theatre

It is often overlooked that many of America's best screen actors have as much theatrical pedigree as their British counterparts. Hoffman is one such. I saw him, on my first visit to New York in 1968, give a brilliantly funny performance in a Murray Schisgal comedy. That topped a solid stage apprenticeship which he did not exploit again on Broadway until 1984, when he transformed Arthur Miller's *Willy Loman* from the lumbering Lee Cobb prototype to a fleet-footed, deftly coordinated tragicomic Little Man.

Playing the outsider suits him, whether it be the crippled hobo in *Midnight Cowboy* or the artistic hero in *Rain Man*. He thrives in opposition, and there is plenty of scope for that in Shylock. Hoffman plays the Chris Dyer have provided a beautiful, conventional Italian Renaissance setting of a colonnaded square into which Hoffman's Shylock fits like a fly in the ointment.

Small and sly, scything the air with elaborately placed gestures, this Shylock is as full-bloodedly semitic and "apart" as was Antony Sher's for the Royal Shakespeare Company. There is no hint of the Rothschild-like assimilation of the useful businessman uncovered by Olivier and Jonathan Miller.

Unlike Sher, though, he is less erotically Mediterranean than grimly Hasidic, with neat and bony legs protruding beneath an ever-present black gabardine. His hair is teased into a tiny pony tail and a pair of greasy sideburns that fringe a black face. The mulish and are stuffed (surely some mistake here) by his daughter Jessica

under the black hat he dons to answer the Gentleman's summons.

Is this play anti-semitic, or is it, valuably, about anti-semitism? I have always thought the latter, and indeed count it among my favourite Shakespeare plays, poised dangerously, like *Measure for Measure*, between tragedy and romance. It always grips in the theatre. On being hailed by the "Salade" Hoffman strikes a chill chime with post-Holocaust Israeli

fanatical rhetoric: "The villainy you teach me I will execute, and it shall go hard but I will better the instruction."

Hoffman finds much comedy in Shylock's relaxing adoption of low status. Battling the bars of his ghetto cage, he stores up resentment like a squirrel stores nuts. One day, one day, - meanwhile, he is showered in Christian spite (Sher went even further and was streaked with blood,

vile rheum hanging on his beard like an obscene dew) and pushed from pillar to post.

The first full job is aimed at Shylock by Leigh Lawson's civilised, melancholy Antonio, and it caused a minor earthquake in the stalls on Thursday. Hoffman greets it with wryly smiling benignity, as he will greet the foul sentence of the Duke in the courtroom, where he is promptly

bundled into antagonistic oblivion by the smug Christians. No undue hanging about here for a nobly tragic exit.

Hoffman gabbles a little, but Shakespeare is difficult and, as the star disarmingly admits, he is still learning. The performance, a has many striking qualities, not least its piercing detail in remembering the ring he had of Leah, in stropping the knife against his leather sole in the court, in winking at the Duke when the law seems to favour him.

Abandoning his National Theatre style of Shakespeare production, Hall encourages an open conversational style of declamation, bringing the play right out to us as they might have done at the old Rose Theatre. The evening, it must be said, would be nothing without Geraldine James's luminous Portia, a vast improvement on all recent RSC occupants of the role, and the first in my experience to avoid priggishness. She glows and alters like a truly adventurous heroine, as good at self-examining as cross-examining. Nathaniel Parker is a fine, appealing Bassanio, Michael Sibery an outstanding and acidulous Gratiano, Peter-Hugo Daley and John Cater a wonderful pair of Gobbos and Basil Henson an exactly reproduced animation of Bellini's Doge.

The casket scenes are beautifully arranged, as is Venetian allegorical paintings. Jeffrey Kissoon's Morocco, a marauding egotist, and Michael Carter's handsomely caparisoned Arragon (temporarily throat-inflamed?) both readings of refreshingly unflamboyant courtesy. Robert Lockhart's music is pleasantly appropriate, both here and at Belmont, where the comedy of the rings is executed with just dignity and wit.

For once, you really do feel that Christian life and love can now proceed without the awkward, necessary interventions of the foreign money-lender. The nastiest taste of all is left by the news that Antonio's fortune is safe. The Jew's Jewness can be safely consigned to a category of bogeyman aberration. It is the strength of both play and production that we know to what extent Shakespeare, and his characters, are kidding themselves.

SHAKESPEARE may be all the rage in the West End, with Dustin Hoffman and Alan Bates leading their respective new ad hoc companies at the Phoenix and the Strand, but some things never change.

The 1988 summer season in the Open Air Theatre, Regent's Park, kicked off this week with a revival by Guy Siner of the venue's most-performed play, *A Midsummer Night's Dream*. The weather immediately took a turn for the worse; on Wednesday night, the sun was seen to be hidden in a hill draught and a damp hint of drizzle. Summer was a'coming in.

So was President Bush. His noisy helicopter had the good grace to descend on the nearby American Ambassador's residence a clear half hour before curtain up as we congregated over our mullied wine and various salads.

Other more familiar distractions followed at the play, "conceptually relocated in the Sergeant Pepper summer of 1967, wound its way on the greensward. The great trees leaned and sighed in sympathy with Titania's fierce fairy consort, and a couple of pigeons flapped copaciously on a perch where the wild thyme might well have grown as Hermia told Lysander to keep his distance and be further off.

Fairies turn on the flower power in Regent's Park



Sally Dexter and Saeed Jafrey in *A Midsummer Night's Dream*

That instruction grated on the free love assumptions of the hippie period, though Titania's sexual instability under the influence of Oberon's purple dye struck resonantly some of the theatre company's fairies, who were being bawled by the fairy queen in her flower bower with volcanic voluptuousness. She has obviously tired of the pious ministrations of Saeed Jafrey's saffron-robed, unimpeachable Oberon, a walking, talking, -like - of the Beatles' adopted Maharishi.

Thesens (David Henry) is an oddly absolutist follower of fashion in a psychedelic garden-festooned Athens, while Hippolyta (Brighton Kahan) is a leather-clad ringer for Emma Peel in *The Avengers*. The mechanicals are serious amateur thespians, led by Christopher Benjamin's sweet Billy Bottom in a cravat and sensible cord. There are no laughs copaciously on a perch where the wild thyme might well have grown as Hermia told Lysander to keep his distance and be further off.

key-headed Bottom is translated. Some of it works, some of it doesn't, always the catch with anachronistic updates. The four lovers suffer most unless you convince yourself (I couldn't) that what happens to them in the wood is a painful lesson in the consequences of

druggy promiscuity. The sound system blares out the hits of the Beatles ("All You Need is Love" at the finale), Procul Harum, the Yardbirds and even Engelbert Humperdinck ("Please Release Me, Let Me Go," an anthem more suitable for Ariel than for Puck).

For the Park, the approach is downright iconoclastic; indeed I cannot recall a superciliously cheekier Shakespearean comedy production since the all-male National Theatre *As You Like It*, which also traded in late 1960s pop culture mannerisms. Trevor Laird's sly Puck becomes a dawdling plump in black tuffet and a green crushed velvet suit, Titania's fairies remnants from the *Hair* tribe with Kim Barry providing a lovely *Scouse* conflation of First Fairy and Mustardseed.

The production is cheeky, but not daring or gaudy, innovative. It lacks poetry, soul, rapture, enchantment and any hint of dark eroticism. This harmless vision of the Age of Aquarius is probably just right for the age of corporate entertainment and spon-

sorship. For Regent's Park remains a successful totem of the Thatcher years. It mostly pays for itself and upsets no apple carts. The Arts Council withdrew its support in 1980 in the first wave of major cuts. The three-and-a-half month season costs £5.5m to put on, 70 per cent of that raised at the Box Office, 26 per cent from sponsorship (Johnson Wax, participating for the fourth year running, have given £20,000; the Nestlé Company the same amount; and BP have given £20,000 over three years for an educational programme) and the rest from various funding bodies including Westminster City Council who this year gave £22,000.

The current artistic and managing director is the actor Ian Talbot, who spent 5 years playing large roles with the RSC having first appeared in Regent's Park in 1971 as Bottom. He has just had his contract extended for another two years and is confident that the star-studded "Shakespeare boom" elsewhere will not affect business. Indeed, advance bookings are heavier than usual thanks to the fine weather in May.

While no-one, except the *Guardian*, seriously believes that to criticise the Royal Shakespeare Company is to de-stabilise a subsidised bastion, the fact is that a great blur is settling over the nation's Shakespeare production, partly because of the RSC's artistic shakiness in the post-Trevor Nunn era. You are

Chess No. 775 White could have won by 1 RxB, RxB; 2 P-KB4 (PxB); 3 BxB or QxP 3 R-KB1. Black could then have saved the game by 1 ... Q-N3; 2 BxB, P-B3.

as likely to find distinctive, worthwhile Shakespeare productions at the Old Vic or on Shaftesbury Avenue as you are at the RSC.

The Dream in Regent's Park is not fully comparable, I submit, to John Caird's current rousing Stratford-upon-Avon version, but it is part of the same levelling out process between the RSC and the rest. On paper, the two casts are equally promising, and design gimmickery is joyfully embraced in the cause of sheer entertainment.

Only seven of the 128 performances in Regent's Park were lost last year, even though we had the wettest July on record. And a audience survey revealed that 60 per cent of the audience's came from inner London and were in the 24-44 years-old age group. Tourists accounted for less than five per cent, with 20 per cent coming in from the Home Counties.

These facts certainly overthrow one or two of my preconceptions. People go to Regent's Park for more than just a show. They go for a proper night out, which is more than you can do in the Barbican. Talbot is optimistic as he prepares a new production of *Twelfth Night* and ponders his role in a new musical version of *Plautus's Miles Gloriosus*. As the RSC's artistic shakiness increases the value of a company atmosphere and has even taken the Bensonian state of organising a company tennis tournament.

In such small ways are maintained the idyllic traditions of Sydney Carroll and Robert Atkins, who started the theatre in the early 1930s. Carroll in particular was proud of the imported turf on the acting arena and honestly informed an audience one evening that the company ranged behind him, "that every soul on this stage comes from Richmond." But where are they going? This year, the answer is San Francisco, with flowers in their hair.

Michael Coveney

Some nasty shocks for opera buffs

HOW IMPORTANT is sound quality to those who watch opera on the small screen? It is tempting to guess "not very"; people who got into the habit in the days when TV loudspeakers were even rarer than they are now probably go for brilliance of visual image and let aural clarity go hang, perhaps not even bothering to connect their set to the hi-fi

despite the (frequently honest) promise of good stereo sound. Maybe indifference to sound is one factor in the comparative lack of enthusiasm so far for CDV, which combines a clarity of image seldom attained on video tape with a soundtrack that approaches the definition and depth of a good modern recording. Somehow the very excellence of what you hear makes the smallness of what you see seem inadequate: a small image goes better with small sound.

But I suspect there are other, earlier reasons for faltering CDV sales: a machine to play them costs around £500, and

the discs themselves do not come cheap compared with video tapes. Nor was the repertoire on offer at the original launch last year exactly earth-shaking: who needs something as tatty as the Karajan *Ottello* when something just as tatty in the form of Zeffirelli's version is available at under half the price on tape?

No, what was needed to get the medium off the ground was something that you see wanted, like the Boulez-Chéreau *Ring*, of which only *Dos Rheingold* is so far available. When the rest appears in the autumn, and when - as happened with audio CD - hardware comes down in price, CDV may be in business.

Meanwhile, it's back to tapes, but there are worries in this department too. Anyone comparing a straight TV transmission with a commercial release on tape of the same performance is as often as not in for a nasty shock - waxy colour with all the brightness and contrast drained out of it and highly variable sound. Two cases in point: the ENO *Rusalka*, which has lost far too much definition in its commercial release on Virgin (though the sound quality is actually better than it was on TV), and the Bergman *Magic Flute* (Longman/Pickwick), though nothing can dim the impact of one of the few works of genius in the medium of television, one that just happens to be a pretty good opera as well. But by and large high-speed copying is spurring the industry's face with a he'orth of tar.

There's also sharp divergence of quality on older tapes. I've seen a *Don Giovanni* from Brno in which no amount of button-punching could dispel a gloom that rendered the sets, not to mention the singers' faces, virtually invisible - and it's sad that in

one of the comparatively rare opportunities for straight comparison of two versions of the same opera, *Somson et Delilah*, the disc should be loaded on technical grounds before ever one gets round to the performance themselves. The San Francisco Opera version (Virgin VVD 983) is in washed-out colour and the overloading of the choral sound results in distortion that has one hastily switching off the stereo and reverting to TV sound.

Sadly, Nicolas Joel's production aims at dramatic values little higher than a comic strip, and the NVC recording of Elijah Moshinsky's profoundly intelligent production for Covent Garden wins hands down as a reading of Saint-Saëns's opera. Similarly, while there will undoubtedly be a market for Plácido Domingo doing the full Victor Matine as Samson, Tom Vickers' disturbingly close sense of identification with the Old Testament warrior is nearer the mark. Shirley Verrett, today's most persuasive Delilah, is common to both issues, though she is not helped in the San Francisco version by entering in a shock beyond endless Toscani and Rigolettis. There is only one (not very good) audio recording of *La gazza ladra*, a work as stirring as it is important historically, which makes the Cologne performance on Virgin (VVD 345) all the more wel-

come. Technically the standard is of a fair TV transmission, which is what it is, of Michael Hampe's serious, unshowy production capably conducted by Bruno Bartoletti.

As always, Ileana Cotrubas is so enormously appealing to look at that all worries about quavery tone and shortness of breath are dispelled: here is a complete Ninetta. David Kurler not only emerges unscathed from the hideous technical difficulties of the tenor role but often sings it extremely beautifully, and Brent Ellis is exceptionally vivid as the heroine's father (he is given the frequently cut second-act aria, and certainly earns it). The only disappointment is Alberto Rinaldi, who funks the *semiserialis* aspect of the Fodesta's role and settles for melodrama - a pity, as the way the rest of the cast tentatively believe in everything they are doing is what makes this performance of a noble and inspiring opera work so decisively.

I should hate to have to defend the Verona Arena *Attila* (NVC/Castle CVI 9055) in a critical court of law - in the windmill "acting" has to be seen to be believed and there's some pretty rough singing - but Brian Large's clever direction captures the whole Verona "experience" faithfully, and under Nello Santilli's rip-roaring baton the cast (Maria Chiara, Veriano Luchetti, Silvano Carroli, Yevgeny Nesterenko) wham into this fabulous brew of early Verdi blood-and-guts as if the devil were on their tails. The technical standards are well above average, and I loved every minute of it. Highly recommended.

Rodney Milnes

ART GALLERIES

ART COLLECTING WITH A FUTURE

The Impressionists: The Picasso/Matisse generation are notoriously expensive. Somewhat less are Henry Moore, Lowry, Sutherland, Ben Enslin & American Native Art is impressive, colourful, refreshing and uniquely decorative. The big auction houses in the U.S.A. state - prices will be soaring.

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Pick of the week

Advertisement for CHRISTIE'S. Includes text: 'THIS PORTRAIT of The Greater Official is from a series of twelve oils painted by Yeats as illustrations to 'Fishman Alf', a humorous and satirical novel by George A. Birmingham describing Irish types. Yeats's oils and drawings were based on his observations of 'Life in the West of Ireland', the title of the book of drawings he published in 1912, and under which he exhibited all his paintings. Although the subjects for Birmingham's novels were drawn from all over Ireland, they matched the tone of Yeats's drawings so well that Yeats was able to provide illustrations working simply from a list of chapter headings and summary of the author's intentions. This painting, and also 'The Exile from Eithir from the same series, will be included in the sales of British and Irish Traditional and Modern Paintings, Watercolours, Drawings and Sculpture on Thursday, 8 June at 2.30 p.m. and Friday, 9 June at 11.00 a.m. For further information on this or any other sales in the next week, please telephone (01) 639 9060.'

SPORT

It's Dubai's Derby at last

Nashwan is the only horse in it, says Michael Thompson-Noel

WATCHING the telly from Sandown last Monday, I did not see red. But I saw a lot of maroon with white sleeves, a maroon cap and white star. How could I not? For these are the racing colours of Sheikh Mohammed bin Rashid Al-Maktoum of Dubai who was blown if he wasn't going to win Sandown's £35,000-added Henry II EBF Stakes over two miles.

To which end, the good sheikh sent out three of the eight runners: Sadeem, last year's Ascot Gold Cup-winner, scooping the first place prize of £26,982 followed by Zero Watt, second (£9,294.85), and Zafaran, third (£4,384.93) - all of them sporting those oh-so-familiar maroon and white silks. For good measure, the fourth horse home, Daarkom, is owned by Sheikh Mohammed's brother, Sheikh Ahmed Al-Maktoum.

Sheikh Mohammed has already been leading racehorse owner in Britain four times, and is banking on another bumper season in 1998. Apart from monopolising the Henry II Stakes, he had winners all over the place last weekend, and not just in England. That seems reasonable, given that

Sheikh Mohammed and his brothers have assembled the mightiest bloodstock empire in the history of the thoroughbred. They own hundreds of horses, in Europe and America, and stud farms galore. They have spent millions and millions - and are now starting to reap their just desserts, not only on the racecourse but at their breeding farms.

'He's going to romp home by four lengths'

Occasionally, the Maktoums' mighty spending causes envy and chipliness. For example, some time ago Phil Bull, founder of Timeform, which produces analysis and ratings, told me that he had had to cut back as an owner and breeder because he could not compete with the Arabs: "These are people to whom money is of virtually no consequence. Their money, after all, comes spurring from the ground." The alternative view is that the Maktoums' heroic spending

and investment have given a mighty shot in the arm to English racing and breeding, and that their praises should be sung.

For all their successes, however, the Maktoums have yet to win the English Derby at Epsom - although the gap will be plugged if Nashwan wins next Wednesday in the colours (royal blue, white epaulettes, striped cap) of Sheikh Hamdan Al-Maktoum, who has already had the privilege of watching this strapping chestnut son of Blushing Groom power to classic victory in the 2,000 Guineas at Newmarket.

(I am supposed, incidentally, to refer to next week's great race as the Ever Ready Derby, in honour of the sponsor, but I cannot be fagged. Not because of sponsorship by Ever Ready isn't generous - nay, bounteous - but because the Epsom Derby has been run for more than 200 years and will still be a dazzling spectacle in 2189 - which might not be true of deer or of the Open Cup, but not of the Derby.)

In order to get to the bottom of next week's Derby so as to bring you the finest intelligence, I first toyed with pedigrees, pondering the so-called "stamina index" propounded by Sir Francis Galton.

Stamina is important at Epsom; its switchback Derby course over one-and-a-half miles twists and turns and rises and falls before ascending to the winning post along a finishing straight that happens to slope steeply from right to left. What a horse race. However, a stamina index will tell you nothing about speed. So I abandoned that approach.

My next brainwave was to hide in the bushes on the training gallops at Newmarket and Pulborough with notebook and binoculars and jot down ringing phrases such as "Nashwan galloped six good furlongs, and then galloped back again," or "Cacoethes breezed gaily round three sharp corners, and then bit the vet." But I am suffering from yuppie flu, and cannot find the time to do this. I have heard that the bushes attract some genuinely odd characters.

Whenever I am in doubt, I wheel out Plan C, which involves talking to bookmakers about the odds, and to managers betting shops, or take your money at the racetrack, but men of power and vision who control megabuck companies and swap bi-coastal assets. There are only three of them left. They are international



Nashwan, the heavily-backed Epsom Derby favourite, with owner Sheikh Hamdan Al-Maktoum

financiers in the grandest mould who could buy and sell Rupert Murdoch before Sam.

For most of the time they sit in perfumed counting houses, counting out their money and commencing with the laws of probability via banks of computer screens and satellite feeds. They are always pleased to see me. They will see no-one else. They enjoy my jokes, and my refreshingly tart questions. Servants bring us food in golden dishes, and water with bubbles, and little silver

screens so that we can watch the action in Florida or Hong Kong.

I visited one of them yesterday. "Michael," he said, as we sat in leather armchairs, "you ask me what will win the Derby and I say to you - only one horse will win the Derby and it will not be Cacoethes (the second favourite), even though Guy Harwood's stable is cooing confidence. Cacoethes is by Alydar - that we like. And he won the Lingfield Derby 'Tad' impressively. Yet

what did he beat? I say to you - not very much. Cacoethes will start at 5-2 and will lead them round Tattenham Corner. But he will crack and flounder, mark our words.

"Princes of Dance, in the Sobell colours, will be useful later on. But not next Wednesday. Not at Epsom. So you say to me - how about Turjoun. And I say to you - not on your life. The same with Warshan. He redeemed himself a bit in the Predominant Stakes at Goodwood when beating

Greenwich Papillon. And he's a Northern Dancer. That we like. But he's a bit high and mighty - he cost Sheikh Mohammed a great deal of money. He is also lazy. He won't like the bands and the jellied eel stalls and the Derby crowd milling. Forget about Warshan.

"Only one horse will win the Derby, and that is Nashwan - a good winner of the Guineas and with that fat bit of speed that will leave them for dead inside the last two furlongs. He's by Blushing Groom, of course - nothing wrong with that - from a mare by Bustino - nothing wrong with that. We like everything about him.

"So you say to me - or perhaps you wouldn't you're far too sturdied - that no Guineas winner has won the Derby since Nijinsky 19 years ago. Remember how Nijinsky's stamina was said to be problematic? That didn't worry him. And he started at Epsom at odds against - 11-8, can you believe it? - for the first and only time in his career. Those were the days.

"Nashwan? Not Nijinsky, but he's not bad at all. He's going to romp home. He will win by four lengths in near-record time at - let's just punch this button: talk to the big computer - 6-5 or even 5-2. You could lose a few pounds, but a bit cramped. But I say to you - Nashwan's the best Derby bet of the past 15 years. I'll see you at Epsom. Enjoy yourself, my dear."

Each of those words is a pearl beyond compare. I shall have a five-figure bet. Nashwan is home and hosed.

CRICKET is more than a game, it is a culture. In good old imperial days, you might almost have called it a way of life. It is resplendent with customs, rituals and, best of all - although most inappropriate in all these utilitarian days - the hallmarks of chivalry.

Every first class cricket team has a badge and colours, and one of the nicest things about cricket is that these adornments play a part in the game. Not an active part, such as is played by cruder weapons like the bat and ball, but a psychological part which always has some significance and can occasionally be crucial.

If you have soul and saw Allan Border playing in Facker's World Series cricket, dressed in bright yellow, you will have felt a quiet delight at seeing him enter this summer's lists against England in the Texaco Trophy one-day international last weekend,

dressed in white. It restored faith in the silent restorer Gavin Ewart described in his poem, Not Quite Cricket?

"Watching cricket is habit-forming. It can become habitual. It's a kind of long-lasting white-robed ritual."

Border, restored long since to the white-robed ritual, boasted two badges in the one-day international, as did most of his team: one on his cap and one on his sweater, which was outlined heavily in Australian green and gold.

No-one could accuse the Australian cricket adornments of being understated. That would be like accusing an Australian of drinking tea. The shield on their badge, for instance, is supported on one side by a kangaroo and on the other by an emu - almost too good to be true.

But the shield they hold contains a set of symbols as mysterious as the supporters are obvious. Perhaps mystery

means menace. The only easily identifiable symbol is a ship. Underneath it what looks like a can of Foster's crushed in the middle and stood on end. That would fit the image. But next to it is a pair of crossed swords, looking disconcertingly like those of the Vatican.

The last quarter of the Australian badge and, incidentally, the element of dangerous mystery to the point of light relief. An animal halfway between a dingo and an elephant carries something halfway between a coat-hanger and a kookaburra upside down on its back. Towards the end of the Trent Bridge one-day international, the spirit of this hiphoppy (or whatever it is) appeared to inspire the Australian wicket-

keeper, Healy, in his farcical hit-and-run antics and accompanying dramas.

Underneath the badge, do produce reaction, they do it through undertones and overtones. Australia's cryptograms ooze menace; England's look to the Plantagenet past to undermine the enemy, with a crown and three lions (leopards and lions combined), at once rampant and passant (charging about and dozing at the same time).

This is the allusive approach and, like the improvement in the May weather this year, is important to cricket but not fundamental. Decorative touches usually have their strongest effect for the positive, especially on new,

nervous players who often wear a team cap and blazer for the first time with child-like pride. This is the latter pride which, tinged with sadness, makes old players and fans romantic about their memories of old games.

Francis Thompson's poem, At Lord's, recalls nostalgically the Lancashire matches he used to watch as a child in the north, preferring not to watch Lancashire play any more as an adult in the south: "Though the red roses crest the caps, I know. For the field is full of shades as I near the shadowy coast. And a ghostly batsman plays to the bunting of a ghost." While red-rose-crested caps and blazers were becoming

fashionable, whites were in first-class use everywhere by the mid-19th century and umpires were getting rid of their local colours and badges in favour of uniforms, usually with dark jackets.

Modern umpires have transferred the white part of their clothing from the silk stocking end up to the jacket end, and the dark part from the three-cornered hats and jackets' end down to the trousers' end. This gives them a mixture of black and white, no colours signifying club, neighbourhood or inheritance.

I was sorry to see the umpires at the third Texaco Trophy match letting this new tradition go and wearing

badges. Neutrality is less neutral when it carries a badge, be it a sponsorship or a professional emblem.

In that sense, there is something touchingly unpretentious about the simplicity of New Zealand's fern-leaf badge, echoing the New Zealandishness of the country's butter as marketed in England. No need for a motto with a badge like that. Australia goes back to its full-frontal approach on the matter of mottos with the name "Australia" on a scroll under the shield.

But where there's a motto there's often an enigma or, at least, something difficult. Nottinghamshire, for instance, has a badge with steps supporting a majestic shield; underneath is the motto "Vivit post funera virtus" (Courage lives after a funeral). Surrey has a motto for the opposing team, but only if they read Latin.

No-one can beat Surrey for hidden depths, meanings and languages that have many

depths and emit much chaos. The Surrey colours are chocolate but their motto, more like maroon. The badge is brown and white with the motto "Ich Dien" (I serve) underneath the three Prince of Wales feathers.

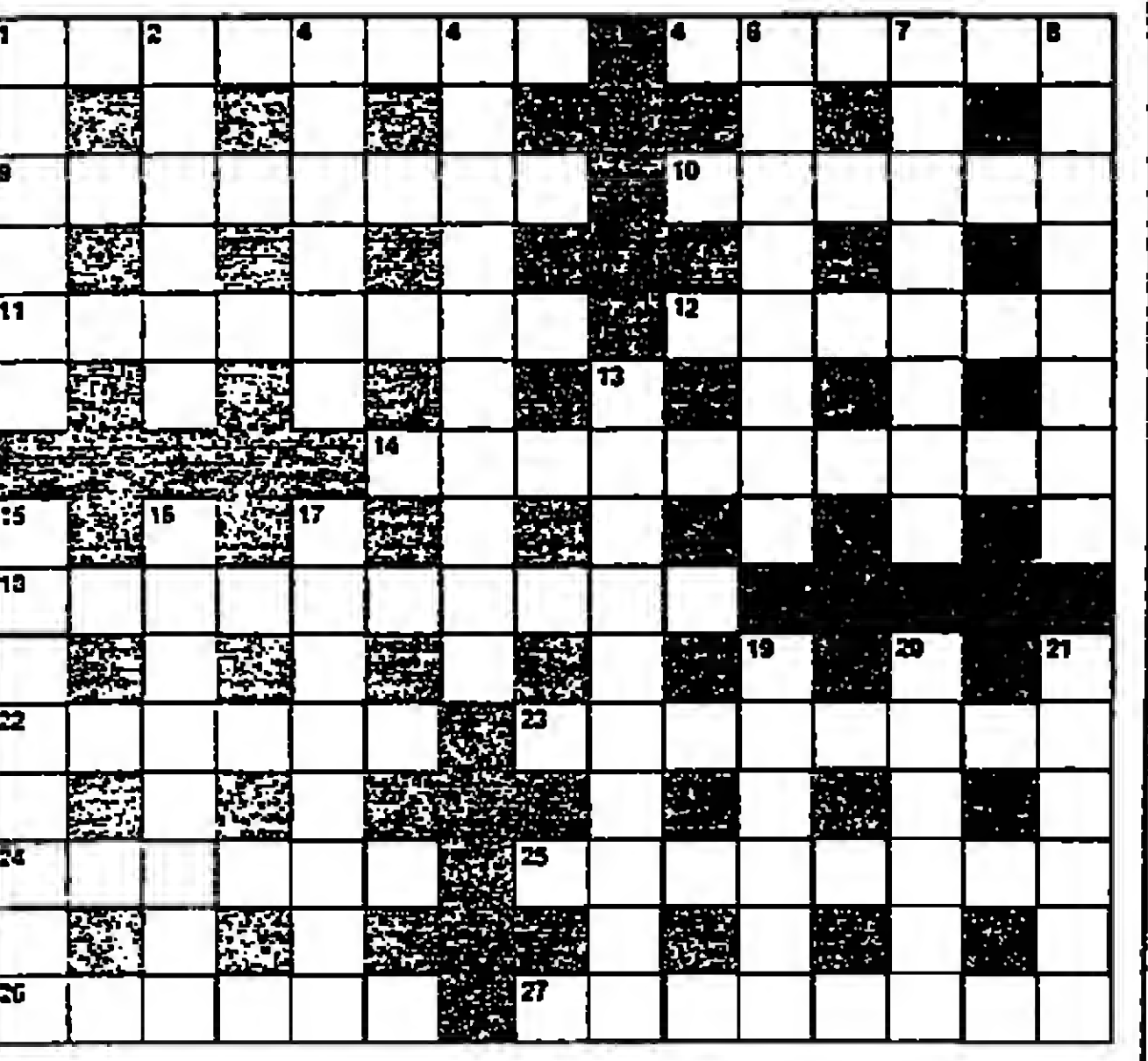
It was the motto of the blind King of Bohemia, who chained himself to his knights so he could lead them into the battle of Crecy in 1347. He lost. The Prince of Wales won and got the King of Bohemia's badge. The Prince of Wales is also landlord of The Oval because it is in a bit of London belonging to his Duchy of Cornwall.

There's a motto on a shield, tired of watching teams like Surrey lose or trying to figure out colours and badges, a cricket romantic does best to lean back on the chivalrous impressions they create. And the run-stealers flicker to and fro.

-Francis Thompson. Teresa McLean

CROSSWORD

No. 6950 Set by DINMUTZ. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 14, marked Crossword 6,950 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9EL. Solution on Saturday June 17.



- ACROSS
1 Position of unwelcome adviser in saloon? (4-4)
5 Broadway, say, a meeting-place (6)
9 Doctor's capital used for disease-carrier (8)
10 Loosen needlework and relax (6)
11 Pitiful saying of GP at home, possibly (8)
12 Take stock of others? (5)
13 Tender name, in a way (10)
14 Scratched old record, simple repair in former times (10)
22 Clock in news item (6)
23 Place for cooling tar in shanty? (8)
24 Tracks of the northern lines? (8)
25 Walker gives long wave on street (8)
26 Try again in court (6)
27 Well disposed, like some societies (8)

17 Shady sort of agency providing general cover (8)

19 Wild region to pass over (6)

20 Thwarted fellow under the influence (6)

21 Blustering Frenchman in novel (6)

Solution to Puzzle No. 6,949

ACROSS
10 LOOSEN NEEDLEWORK AND RELAX (6)
11 PITIFUL SAYING OF GP AT HOME, POSSIBLY (8)
12 TAKE STOCK OF OTHERS? (5)
13 TENDER NAME, IN A WAY (10)
14 SCRATCHED OLD RECORD, SIMPLE REPAIR IN FORMER TIMES (10)
22 CLOCK IN NEWS ITEM (6)
23 PLACE FOR COOLING TAR IN SHANTY? (8)
24 TRACKS OF THE NORTHERN LINES? (8)
25 WALKER GIVES LONG WAVE ON STREET (8)
26 TRY AGAIN IN COURT (6)
27 WELL DISPOSED, LIKE SOME SOCIETIES (8)

DOWN
1 Mine always here in India? (8)
2 Star players with feet of gold (8)
3 Type reported as queried (6)
4 Stagnation affected this adversary (10)
6 Coach-attendant at rear - or the front (8)
7 Decade when Einstein developed? (8)
8 Pettition in French alliance (8)
11 Weapon of a class to quickest the pulse? (3-7)
13 Musical play over the hill? Slick impresario needed (8)
14 Careless hit-and-run (8)

TELEVISION & RADIO

SATURDAY

Indicates programme in black and white
BBC1
8:30 pm News
8:35 pm The Rapscallion
8:50 pm The Rapscallion
9:00 pm The Rapscallion
9:15 pm The Rapscallion
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